

NORTH KOREA: U.S. POLICY OPTIONS

HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

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(II)

CONTENTS

	Page
Abramowitz, Hon. Morton, senior fellow, The Century Foundation, Washington, DC	43
Prepared statement	46
Alexander, Hon. Lamar, U.S. Senator from Tennessee	35
Allen, Hon. George, U.S. Senator from Virginia	19
Chaffee, Hon. Lincoln, U.S. Senator from Rhode Island	13
Dodd, Hon. Christopher J., U.S. Senator from Connecticut	22
Feingold, Hon. Russell D., U.S. Senator from Wisconsin	29
Hagel, Hon. Chuck, U.S. Senator from Nebraska	9
Hill, Hon. Christopher R., Assistant Secretary for East Asian and Pacific Affairs, U.S. Department of State, Washington, DC	3
Prepared statement	4
Responses to questions submitted by Senator Biden	56
Kanter, Hon. Arnold, principal member, The Snowcroft Group, Washington, DC	39
Prepared statement	41
Lugar, Hon. Richard, U.S. Senator from Indiana, opening statement	1
Murkowski, Hon. Lisa, U.S. Senator from Alaska	32
Sarbanes, Hon. Paul R., U.S. Senator from Maryland	16
Voinovich, Hon. George V., U.S. Senator from Ohio	26

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THURSDAY, JULY 20, 2006

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 9:33 a.m., in room SD-419, Dirksen Senate Office Building, Hon. Richard G. Lugar (chairman of the committee) presiding.

Present: Senators Lugar, Hagel, Chafee, Allen, Coleman, Voinovich, Alexander, Murkowski, Sarbanes, Dodd, and Feingold.

OPENING STATEMENT OF HON. RICHARD LUGAR, U.S. SENATOR FROM INDIANA

The CHAIRMAN. This hearing of the Senate Foreign Relations Committee is called to order. The committee meets today to review matters related to North Korea. On July 11, the committee received a classified briefing on North Korea from Director of National Intelligence John Negroponte and Ambassador Joseph Detrani. We look forward to continuing our inquiry in open session today.

On July 4, North Korea test fired a long-range missile with the theoretical capability of reaching the United States, as well as several shorter-range missiles. All landed in the Sea of Japan. These missile launches by North Korea were particularly sobering because the timing and quantity of the launches appeared to be designed to intensify their provocative nature and because they occurred despite significant external pressure to refrain from such a launch.

The North Korean regime's drive to build missiles, North Korean nuclear weapons, and other weapons of mass destruction, continues to pose a grave threat to the Pacific region and to the United States. We also are concerned about the transfer of North Korean weapons, materials, and technology to other countries or terrorist groups. Although the launches must be seen as a setback for regional dialog, they do provide additional clarity that could be useful in moving other states in the region toward a more unified position on dealing with North Korea.

Up to this point China has attempted to facilitate discussions on North Korea while continuing to supply and manage key energy lifelines into North Korea. It has endeavored to preserve a historic alliance with Pyongyang while discouraging military options or other destabilizing activities by either side. Beijing has been particularly concerned with preventing actions by North Korea or its

neighbors that might stimulate the flow of North Korean refugees into China.

This strategy, however, has led to severe problems for the Chinese. The North Korean missile tests demonstrated that China's influence over its ally is limited. China had appealed directly to the North Korean Government to suspend the missile tests, but Kim Jong-Il's regime disregarded these appeals.

Now, the missile launches underscored that North Korea has its own agenda distinct from Beijing's long-term interest. China wants to avoid instability on its borders, but few acts could have been more destabilizing than the missile tests. If North Korea continues on the provocative path of missile and nuclear development, Japan, the United States, and perhaps other nations may be compelled to reassess their military posture in East Asia.

China has made huge economic and political investments in the world economy because it is depending on high economic growth rates to advance living standards and to preserve internal political stability. To achieve these growth rates, it needs markets for Chinese goods, investment and technology for its industries, and energy sources to feed the growing appetite of its populace for automobiles, air conditioning, and other energy-intensive conveniences.

But Beijing's ability to secure these benefits of the global marketplace will depend on continued cooperation with the West and military stability in East Asia. To the extent that the United States, Japan, and other nations view the East Asian region through the lens of the unique security conundrum created by North Korea, Chinese aspirations are likely to be set back.

This is why Beijing is encouraged to reassess its regional priorities. The United States should be working diligently with China to develop options for peacefully resolving the North Korean dilemma. These options should start with an attempt to reinvigorate the Six Party Talks. But we should be mindful that thus far this format has not produced lasting results.

Last week's U.N. Security Council resolution condemning the multiple missile launches by North Korea was a significant action. It is also important to note that individual leaders of countries outside of the Six Party Talks are attempting to be helpful with the North Korean challenge. For example, Indonesian President Yudhoyono has recently sent a special envoy to encourage resumption of the talks. The President may follow up with his own visit to Pyongyang.

North Korea's missile launches must not distract from the ongoing challenges faced by North Korean refugees making their way into China, often in the hope of eventually reaching South Korea. The Foreign Relations Committee reiterates its concern that North Korean refugees in China be treated compassionately and that the Chinese Government allow the UNHCR to actively assist these North Korean refugees.

We are joined, fortunately, today by Christopher Hill, Assistant Secretary of State for East Asian and Pacific Affairs, who will report on his recent trip to the region. Secretary Hill will comment on the stalled Six Party Talks as well as the United States' response to the July missile launches and our ongoing dialog with China.

On our second panel we will hear from Dr. Arnold Kanter, Principal Member of the Scowcroft Group, and Ambassador Morton Abramowitz, Senior Fellow at the Century Foundation. Dr. Kanter and Ambassador Abramowitz will provide their assessments of United States policy options toward North Korea. They have been frequent visitors to our committee and we are grateful once again to greet them today.

Indeed, we welcome all of our witnesses. We look forward to their insights on this very important and timely subject.

Let me now turn to our first witness, Ambassador Hill. We are very grateful to hear you and have appreciated your testimony on confidence on occasion. We are especially pleased that you can testify today in public so that the Congress and the public can hear you. Will you please proceed.

STATEMENT OF HON. CHRISTOPHER R. HILL, ASSISTANT SECRETARY FOR EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Ambassador HILL. Thank you very much, Mr. Chairman. I have some prepared remarks that I would like to enter into the record.

The CHAIRMAN. They will be placed in the record in full.

Ambassador HILL. Thank you. So I will now proceed with the summary, and then I am available to any and all of your questions. Thank you very much.

I want to thank you for this very timely opportunity to update the committee on recent developments on the United States' policy with respect to the DPRK, or North Korea. I will focus my opening remarks on what we believe has been a very strong and unanimous response of the U.N. Security Council on July 15 to North Korea's July 4th–July 5th missile launches and their ongoing nuclear programs. I will then be prepared to address your questions on any of the many issues that we have with North Korea.

The 15 members of the United Nations Security Council took swift action to pass unanimously on July 15, a strong and binding resolution, Resolution 1695, in response to North Korea's launches just 10 days earlier of a barrage of ballistic missiles, including a failed long-range missile. Resolution 1695 is the first U.N. Security Council resolution on North Korea since 1993. That, in fact, reflects the gravity with which the world views North Korea's missile and nuclear programs, as well as the determination of the Council to speak with one voice in condemning them.

The resolution condemns the multiple launches by the DPRK of ballistic missiles. It demands the DPRK suspend all activities on its ballistic missile program and return to its missile launch moratorium, and it requires all member states, in accordance with their national legal authorities and consistent with international law, to prevent missile and missile-related items, material, goods, and technology from being transferred to North Korea's missile or WMD programs, the procurement of such items from the DPRK and the transfer of any financial resources in relation to the DPRK missile or WMD programs.

In passing Resolution 1695, the U.N. Security Council stated it was acting under its special responsibility for international peace

and security. The DPRK must now comply with the terms of the resolution.

The administration is looking at moving forward with a number of additional economic, counterproliferation, and diplomatic measures in response to the launch and pursuant to the resolution. I hope to be able to share details with you.

We will continue to step up our efforts under the Proliferation Security Initiative to stop the movement of goods and materials related to weapons of mass destruction. The resolution stressed the importance of implementation of the Joint Statement adopted September 19, 2005, by all six parties. Resolution 1695 welcomed efforts by council members and other states to facilitate a peaceful and comprehensive solution through dialog, which the United States, Japan, South Korea, China, and Russia are pursuing through the Six Party Talks. The resolution strongly urged the DPRK to return immediately to the Six Party Talks without precondition.

Resolution 1695 offers the DPRK a clear choice of two paths. One will bring the DPRK under increasing international pressure and isolation. The other offers a peaceful and diplomatic solution that will benefit all parties—from the DPRK, the elimination of all of its nuclear weapons and existing nuclear programs; from the other parties, energy and economic cooperation with the DPRK, security provisions, and steps toward normalization of relations subject to bilateral policies.

We have in place the right approach with the right partners to give the DPRK the basis to choose the path we believe firmly is in its interests, the path to a better future for the North Korean people and to a new relationship with the United States and the entire international community. We are working with those partners now to schedule meetings of the Six Party Talks as soon as possible.

Those conclude my opening remarks and I look forward to your questions. Thank you.

[The prepared statement of Ambassador Hill follows:]

PREPARED STATEMENT OF HON. CHRISTOPHER HILL, ASSISTANT SECRETARY FOR EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Thank you, Mr. Chairman, for this timely opportunity to update the committee on recent developments on United States policy with respect to the Democratic People's Republic of Korea (DPRK). My prepared remarks today will focus on the strong and unanimous response of the United Nations Security Council on July 15 to North Korea's missile launches and to the North's ongoing nuclear weapons programs, United States enforcement action against North Korea's illicit activities, and what we are doing to ease the plight of North Koreans in and out of North Korea.

THE U.N. SECURITY COUNCIL RESOLUTION

The 15 members of United Nations Security Council took swift action to pass unanimously on July 15 a strong and binding resolution in response to the DPRK's launches just 10 days earlier of a barrage of ballistic missiles, including a failed launch, which could have been a long range missile or an attempted satellite launch.

U.N. Security Council Resolution 1695:

- Condemns the multiple launches by the DPRK of ballistic missiles;
- Demands the DPRK suspend all activity on its ballistic missile program and return to its missile-launch moratorium; and
- Requires all member states, in accordance with their national legal authorities and consistent with international law, to prevent missile and missile-related items, materials goods and technology from being transferred to DPRK missile or WMD programs; the procurement of such items from DPRK; and, the trans-

fer of any financial resources in relation to the DPRK's missile or WMD programs.

In passing Resolution 1695, the U.N. Security Council stated it was acting under its special responsibility for maintenance of international peace and security. That is a reference to the Council's unique authorities under chapter VII of the U.N. Charter, to take steps necessary for peace and security, which provides the authority for the Council to adopt binding resolutions. The DPRK must now comply with the terms of the resolution.

The administration is looking at moving forward with a number of additional economic, counterproliferation, and diplomatic measures in response to the launch. I hope soon to be able to share details with you.

We will continue to step up our efforts under the Proliferation Security Initiative to stop the movement of goods and materials related to weapons of mass destruction.

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Resolution 1695 is the first U.N. Security Council resolution on the DPRK since 1993. Its unanimous adoption reflects the gravity with which the world views the DPRK's missile and nuclear programs, as well as the determination of the Council to speak with one voice in condemning them.

In contrast, following the DPRK's launch of a long-range missile in 1998, the UNSC a month later issued a presidential press statement, which simply expressed its concern over the launch and noted harm to the fishing and shipping activities in the region. Following the DPRK's launch of a Nodong missile in 1993, there was no response from the international community.

The UNSC response this time was fast, strong, and unanimous. It unambiguously reflects the common will of the international community to confront the DPRK on its nuclear and missile programs.

Resolution 1695 offers the DPRK a clear choice of two paths. One will bring the DPRK under increasing international pressure and further economic and political isolation from the community of nations. The other offers a peaceful and diplomatic solution that will benefit all parties: From North Korea, the elimination of all of its nuclear weapons and existing nuclear programs; from the other parties, energy and economic cooperation, security provisions, and steps toward normalization subject to bilateral policies.

We have in place the right approach with the right partners to give the DPRK the basis to choose the path we believe is firmly in its interest, the path to a better future for the North Korean people and to a new relationship with the United States and the entire international community. We are working with those partners now to schedule a meeting of the Six Party Talks as soon as possible.

ILLCIT ACTIVITIES

North Korea has engaged in illicit activities for decades. The DPRK calls U.S. law enforcement and financial regulatory measures "sanctions" and asserts they are blocking progress in the Six Party Talks. The United States will continue to take law enforcement actions to protect our currency and our citizens from illicit activities. The measures we have taken are targeted at specific behavior. Contrary to North Korean assertions, these actions are not related to the Six Party Talks.

We had offered, at the last round of talks in November 2005, to explain to the DPRK about the regulatory actions to protect the U.S. financial system from abuse, but it did not respond to our offer until February 2006. On March 7 in New York, a Treasury-led interagency team met with DPRK officials.

The team described the reasons for the September 2005 designation by the United States of a bank in Macau, Banco Delta Asia (BDA), under section 311 of the Patriot Act as a financial institution of "primary money laundering concern." The team discussed our ongoing efforts with authorities in Macau to resolve the issues that led to that designation.

As stated in the Notice of Finding published in the Federal Register on September 20, 2005, BDA had been providing financial services for many years, with little oversight or control, to a number of North Korean entities engaged in illicit activities, including drug trafficking, smuggling counterfeit tobacco products, and distributing counterfeit United States currency.

Our designation of BDA—which warns our financial institutions about doing business with the bank—is producing encouraging results. Macao has adopted new anti-money laundering legislation and compelled the bank to institute more effective internal controls. United States law enforcement and regulatory agencies are working with Macanese authorities to resolve the concerns that led to the designation.

U.S. regulatory and law enforcement measures to protect our financial system from abuse are not subject to negotiation. We will continue to guard our financial system in accordance with U.S. law.

The September 19, 2005, Joint Statement of the six parties contemplates, in the context of DPRK denuclearization, discussions on a broad range of issues, including trade and investment cooperation and steps toward normalization.

The North Korean accounts frozen by the Macao Monetary Authority total roughly \$24 million. The DPRK's use of the Macanese action as a pretext not to return to the talks—where benefits would dwarf what we're talking about with BDA—raises questions about how serious the DPRK is at this point about its commitment to implement the September 19 Joint Statement and its willingness to denuclearize.

REFUGEES

The United States is deeply concerned over the grave humanitarian and human rights situation that exists within North Korea and over the plight of North Korean refugees who have fled the country.

In concert with other countries and international organizations, we seek to promote human rights in the DPRK. Additionally, we seek to improve protection and assistance for refugees from the DPRK and are mindful of the important role of the ROK in this regard.

We have been working with other governments and organizations to find ways to respond to cases of individual North Korean asylum seekers.

We have recently resettled some North Korean refugees in the United States. Under U.S. law and policy, in order to protect the applicants, their families, and the integrity of the program, we do not comment on individual asylum or refugee cases. Procedures to consider North Korean nationals for resettlement are the same as for nationals from other countries. We will consider any North Korean brought to our attention by the United Nations High Commissioner for Refugees (UNHCR), United States Embassies and Consulates, and reputable nongovernmental organizations. In all cases, host government concurrence is required for refugee processing on foreign territory. We will continue to work closely with the Congress and with the subcommittee as we pursue this important initiative.

HUMAN RIGHTS

The Department has worked to identify concrete ways to address the North's human rights abuses.

In August 2005, the President appointed the Special Envoy on Human Rights in North Korea, Mr. Jay Lefkowitz. Since his appointment, Special Envoy Lefkowitz has taken numerous actions to build international consensus for improved human rights in North Korea and to increase North Korean access to outside information.

Currently, the State Department and other agencies are compiling a plan to expend funds to protect refugees and promote the freedom of North Koreans—as called for in the North Korean Human Rights Act of 2004.

For the past 3 years, the United States has cosponsored resolutions condemning North Korea's human rights abuses at the U.N. Commission on Human Rights. In 2005, the United States cosponsored an European Union-tabled resolution on DPRK human rights at the U.N. General Assembly, marking the first time the issue had been addressed by the body. The United States also provided \$2 million to the NGO Freedom House, an international campaign to raise awareness of the human rights situation in North Korea. The United States has provided a grant to the National Endowment for Democracy to support groups that monitor North Korean human rights abuses.

In November 2005, the Secretary designated North Korea a country of particular concern under the International Religious Freedom Act for its systematic, ongoing, and egregious violations of religious freedom.

The United States has made clear to North Korea that discussion of its human rights record will be part of any future normalization process.

That concludes my remarks, Mr. Chairman, and I look forward to your questions.

The CHAIRMAN. Thank you very much, Secretary Hill. Some in the United States Government have reservations about conducting negotiations to the ultimate degree with officials of the present

North Korean Government. They suggest that perhaps we should wait for a change of regime in that situation, that that would be a more promising background for this.

What comment do you have on the regime change idea, whether that is in the cards in any foreseeable future, and whether, in fact, the suggestion of that publicly, which I hesitate to make, is one reason for the intransigence of the North Korean parties to begin with?

Ambassador HILL. Well, Mr. Chairman, we are not seeking regime change. We are seeking a change in this regime's behavior. Ultimately, what regime North Korea has will be determined by the North Korean people. It is not for us to determine.

There is an argument—I have heard it too—that somehow with a different regime, with a benign regime, with a friendly regime, we would have an easier time negotiating this. Perhaps that is true, but we have the regime that we have and we have to deal with them.

We have made very clear that we have no problems dealing bilaterally. What we are not prepared to do, however, is torpedo or push aside the Six Party process. The Six Party process is one where all the countries that are relevant are at the table. We cannot have a situation where the United States somehow tries to solve this bilaterally where important countries, such as South Korea, are left to wait in the waiting room to see what happens, because at the end of the day when we do reach an agreement we will have a number of countries coming forward and playing a role in that agreement.

For example, Russia has a lot of experience in dismantling nuclear programs. Sir, I certainly do not need to tell you about the efforts that we have had with Russia over the years to do that. So we would look forward to Russia playing a very important role in a post-settlement.

North Korea desperately needs energy and any conceivable energy solution is going to require South Korea's major participation. So the idea that the United States can somehow do this bilaterally is simply not true.

I would make one other point, that this barrage of missiles, these seven missiles that were launched, that also validates the Six Party process. Only one of those missiles could conceivably reach the United States. Frankly, it did not get very far. But a number of those missiles were ones that could conceivably reach Japan and some of those missiles could only reach South Korea. In short, Mr. Chairman, there was a missile there for everybody. I think just the missile launch itself validates the process we have.

Now, of course process is not enough. You have to have progress. But the notion that somehow we can make progress without the Six Party process I do not think is a notion that really can be validated or proven. I have had many bilateral meetings with the North Koreans. I have met them in formal rooms, I have met them in informal rooms. I have met them in restaurants. I have met them in many different places.

The problem is not a lack of communication. The problem is that they do not want to come to the process and make the fundamental decision to implement the September accords. When they do, we

will have as many bilateral meetings as they want. It is not a problem of bilateral process.

Thank you.

The CHAIRMAN. Well, some have suggested that in order for the Six Party Talks to progress, one of two things would have to occur, maybe both. That is, that there would have to be pressure, principally by the Chinese, who reportedly provide a very large percentage of the nutrition and energy needs of the country. This at least is reputed to be very substantial leverage. Without those increments, obviously the North Korean people would suffer. Perhaps the regime would, too. You would be in a better position, having been closer to the scene, to estimate that.

On the other hand, others have suggested that a package similar to the one offered to Iran, for example, by the European powers and the United States would be a way of approaching this—that there are incentives in such an idea, both in terms of economic betterment as well as some rapport with the rest of the world, some regularization.

What do you have to say about either of those routes, and what is likely to be the course of activity on either of those situations?

Ambassador HILL. Well, first of all, we have a package and it is the Statement of Principles from September 2005. This lays out an entire agreement. First of all, it envisions denuclearization, that is getting rid of their weapons, but also very importantly, getting rid of all their nuclear programs. We are not interested in having arguments with the North Koreans over what is a nuclear weapons program and what is some sort of nuclear health care program. We are interested in getting rid of all of their nuclear programs, all their existing nuclear programs, and they agreed to that.

The CHAIRMAN. Presumably, this requires some verification, maybe international inspection.

Ambassador HILL. Absolutely.

The CHAIRMAN. And some idea that that has occurred.

Ambassador HILL. Absolutely, and that will be the rub. I mean, when we get to finally implementing this we have to have a verification mechanism that really works, and that is where I mentioned earlier we think the Russians can play a very helpful role in that with all the experience they have in this.

So we have got the package. The problem is we need to get the North Koreans to implement the package. Clearly China is a key—is an absolutely key player here. I spent—I was there twice in the last week in connection with the U.N. Security Council resolution. The Chinese sent a pretty senior delegation up to Pyongyang and they waited and waited to see if they could get a meeting with Chairman Kim Jong-Il, and it never happened.

I cannot speak for the Chinese, but I think the Chinese were a little bothered by that. Indeed, I think they are bothered by the fact that China has given North Korea a lot of assistance. They have helped them with fuel, they have helped them with food, they have helped clothe North Koreans in the winter. Indeed, when there is a North Korean delegation coming to China, China gives gifts to North Korea. When a Chinese delegation goes to North Korea, China gives gifts to North Korea.

China has been extremely generous to North Korea and they asked for one simple thing, which was, do not fire those missiles, and the North Koreans ignored them. So I think there is a bit of an issue today going on between China and North Korea.

You know, China, the Chinese, make the point that you can choose a lot in life, but you cannot choose your neighbors. So I mean, we do have to be respectful of the fact that North Korea is a neighbor. But I think there is a process going on in China today to look at where they stand with this, because clearly, clearly China has no interest in North Korea developing missiles or in developing nuclear technology. They are clearly concerned about what this could mean to the region.

So I think the silver lining to this rather difficult situation we have is an opportunity to work more closely with China and an opportunity to work closely on our overall interest for northeast Asia. So we are doing just that.

The CHAIRMAN. The Chinese were perhaps surprised by the reaction of the Japanese to the missiles. The Japanese response was very strong, and relations with Japan and China, as you take a look at the six parties you have around the table there with you, have been more and more fractious in the process. Surely the Chinese are sensitive to the Japanese reaction, which is more existential than any of the rest of us with regard to this, plus the announcement yesterday of an 11 percent growth rate in China, with the whole future of the country riding on the regularization of trade, which I mentioned in my opening statement.

Is it your impression that the Chinese are sensitive to all of the above?

Ambassador HILL. They are absolutely sensitive to all of the above. Regrettably, North Korea does not appear to be sensitive to any of the above. Certainly, from the point of view of Japan, North Korea setting up missiles, several of which could hit Japan, when Japan has its own self-limiting rules about what kind of military it has, how much it spends on the military, what kind of systems it should have, this entire North Korean missile barrage began—or made more public—a debate in Japan about whether they have enough forces to deal with these kinds of threats to their homeland.

This in turn caused concerns in China and caused concerns as well in South Korea. But rather than focus on the Japanese reaction or the South Korean reaction to the Japanese reaction, I think we should focus on what started this dance, and that is the North Koreans. They are truly reckless. They are reckless from a number of vantage points, and the region—how the region works together is one such vantage point.

North Korea does not seem to understand that this is a region with great potential and they could join in it or they could be isolated.

The CHAIRMAN. Thank you very much.
I now want to recognize Senator Hagel.

**STATEMENT OF HON. CHUCK HAGEL, U.S. SENATOR FROM
NEBRASKA**

Senator HAGEL. Mr. Chairman, thank you.

Secretary Hill, welcome. Secretary Hill, what do you believe the North Koreans want? What is the objective?

Ambassador HILL. The North Koreans pride themselves on being opaque and not sort of letting us understand their thinking. I mean, often what goes on in North Korea stays in North Korea. But the best we can tell is the North Koreans believe that this missile launch demonstrates a certain military prowess, it demonstrates a certain strength, and that somehow by demonstrating this kind of strength we will be inclined to be more concerned, more worried, and inclined to give more concessions.

So it could be in this case a sort of misplaced sense of how to enhance their position at the bargaining table.

Senator HAGEL. But what do they want? What do they hope to gain? What is the objective?

Ambassador HILL. Again, they have not shared that with us, so we are left to speculate. But certainly when one looks through the public statements that are made there, when one analyzes what they're up to, it appears that North Korea would like to establish itself as a nuclear power and to get us to deal with them as a nuclear power, and to try to work with them as a nuclear power through arms control agreements and the like.

Senator HAGEL. So in light of what you have said during the last exchange with Chairman Lugar, where do we go from here?

Ambassador HILL. Well, I think we need to make it clear that when we say that it is unacceptable to be a nuclear power that we really mean it. There are just too many consequences in the region. So we know that North Korea becoming a nuclear power is unacceptable, not only to us but to the other players in the region, including China. So where we have to go from here I think is to, using this resolution as a very strong—this U.N. Security Council resolution as a very strong sign of international resolve, I think we need to work more closely with partners, and as we move closely with the partners and as we try to revive a diplomatic process and as North Korea does not respond to that, I think we need to work closely with the partners on additional steps.

Now, we are looking at economic measures, but I think we need to be realistic about whether our economic measures can really get us where we want to go, because we have already taken a number of measures. We do not have a robust trading relationship with North Korea which we can somehow suspend and then compel them to a different behavior. But some countries have much more of a relationship, namely China. So I think it is very important to work with China on a diplomatic process such that if we do not get there we can have a common understanding of what we do next.

We do feel that we have a common understanding that North Korea's development of missiles and nuclear programs is unacceptable to the Chinese and to the other Six Party participants.

Senator HAGEL. When you note additional steps—consider additional steps—what might those additional steps be?

Ambassador HILL. Well, again, I think North Korea resists any type of pressure. But frankly, the other approach to North Korea, that is of being close to them and somehow showing a lot of patience, is also not working. So I would argue that we need to step

up the pressure, but I do not think the United States can do that alone. By pressure I mean economic pressure.

I think we need to work with our partners that we believe have more leverage, and the Chinese do have more leverage. The Chinese also have more concerns because North Korea is right on their border. So I think what we need to convince the Chinese of and work with the Chinese on is the fact that this current situation cannot hold. It is inherently instable, unstable. So what China needs to do is to determine whether it can carry on a relationship with North Korea as it has in the past and compel North Korea to make these changes that we all demand.

So I think China needs in short to begin to review its own policies and I think that can be best done when we can work closely with China.

Senator HAGEL. You note those with the most influence on North Korea, using trade as an example, although, as you have correctly noted, it is limited influence. South Korea certainly is one of those, and I would ask, in light of the collapse of the talks between South and North Korea last week, what actions has South Korea taken or intend to take regarding humanitarian assistance, cutting off any food assistance, any official actions they have taken in light of those talks?

Ambassador HILL. Well, you are correct, Mr. Senator, that the South Koreans agreed to go forward with a ministerial. Their minister of unification met with his counterpart in North Korea in Pusan. They did this after considerable discussion within their government and they decided that, because they have always valued these North-South contacts, they did not want to be the party that cut them off.

But they did set a different agenda, and the agenda they set was that they wanted to discuss the missile launches and the importance of getting North Korea back to the Six Party process. The North Korean delegation walked out of the talks, and the result is that the talks have been suspended. South Korea has suspended shipments of humanitarian goods, including fertilizer. North Korea in response, just yesterday, has suspended the Red Cross-organized family visits. This is a particularly cynical act because when we talk about family visits these are families that were divided by World War II and by the Korean War. We are talking about 85-year-olds trying to get together to see each other, often for the last time.

So I think it really is a measurement of that regime's cynicism that they would go after this type of interaction.

It is very interesting what is going on in South Korea today. There is a burgeoning discussion in South Korea, among South Koreans, about the North Korean policy, whether they should be engaged in this type of—in this policy of reaching out to North Korea, whether they should be insisting on more quid pro quos.

I think it is important that the South Koreans have this discussion, and I think it is also important that Americans allow them to have this discussion. Obviously we have opinions about it. Obviously we need to register our opinions with the South Korean authorities. But I think ultimately it would be better for all concerned

if the South Koreans have their own debate and come to their own conclusion based on a common set, a common analysis.

So the trend right now is for South Korea to tighten up in its relations with North Korea. And by the way, it is a very wrenching experience for South Korea. What happened to the Korean Peninsula in the mid-20th century is one of the great tragedies of that century, and here we are 50-something years later with no end in sight.

Senator HAGEL. Do you know if North Korea has offered to sell plutonium or enriched uranium to any countries, governments, terrorist organizations?

Ambassador HILL. We know of—this gets into intelligence matters, but I can say on the record we know of no particular instance that they would offer to sell plutonium. We also know that they understand that this would be a very serious matter indeed.

Senator HAGEL. Do you believe that you have adequate flexibility, you personally, in the negotiations and Six Party Talks, flexibility in dealing with the Chinese and with the North Koreans, others involved?

Ambassador HILL. I wish the North Koreans gave me something more to work with. I wish they showed that they were going to be interested in the fifth round. I wish they could demonstrate that they have done a little homework like the rest of us have, to see how we would implement the September agreement.

With respect to my flexibility within our Government, I take my directions from Secretary Rice and I think I am okay in that regard.

Senator HAGEL. So you do not feel that you need any additional flexibility on site in order to do your job?

Ambassador HILL. What I need is for the North Koreans to show they are serious. I think that would help skeptics in the United States, both in and out of Government, to believe more in the negotiating process. Sir, my problem is that the North Koreans have given me nothing to work with.

Senator HAGEL. How deeply has our financial sanctions against North Korea impacted their economy?

Ambassador HILL. Opinions about this vary. Clearly, they were upset and remain very upset about our actions against them, and they have used this as the latest excuse for not coming to the talks, the fact that we suspended our United States banks' interaction with a bank in Macao which is known to have a number of North Korean accounts there. They have been very upset about that.

It appears that they have had to scramble around and look for other ways to move their money around. To be very frank, I would be careful, however, measuring the success of these measures on the basis of how loudly the North Koreans complain, because they complain about a lot of things. I think they have certainly been disruptive, but I think we need to look to see how we can do more in this area and also, very fundamentally, work with partners in this area, because we cannot do this alone.

If you look at all the partners in the Six Party process, we have less interaction with North Korea than any of the other partners. Indeed, today we can see the Japanese are looking at a number of measures. I mentioned the South Koreans have done so as well. We

need all these partners doing this. I think together we could come up with something.

But I want to emphasize too that we do need a diplomatic process. We do need a way to put this together and to get the North Koreans back to the table.

Senator HAGEL. Secretary Hill, thank you for your efforts.

Mr. Chairman, thank you.

The CHAIRMAN. Thank you very much, Senator Hagel.

Senator Chafee.

STATEMENT OF HON. LINCOLN CHAFEE, U.S. SENATOR FROM RHODE ISLAND

Senator CHAFEE. Thank you very much, Mr. Chairman.

From what I understand, there were seven launches, is that correct, and one Taepodong 2? What exactly occurred with the six smaller ones and then the bigger one, and how do we know? How do we monitor them? I am just curious on the facts of what exactly took place on July 4.

Ambassador HILL. I do not feel qualified to give a discussion of the national technical means that we bring to bear, bring to bear on this, and moreover I am not a rocket scientist. But we had, I think, very adequate, I think, robust capabilities in seeing these missiles launched. We know that the Taepodong 2, the what we believe to be a long-range missile, went a lot—did not go as far as any of the other missiles, and there are signs that it barely managed to clear land and get out to sea.

So it was—I think it is fair to say it was a failure. But I would hasten to add that when you do missile tests, things that are failures from the point of view of an operation, you can actually learn from the failures. So I cannot say that the test in and of itself was a failure. We do know that they fired a number of shorter range missiles, including something called the Nodong and some Scud missiles, and they appear to have fired them into the vicinity that they wanted to fire them to, because this is the vicinity that they warned mariners to stay out of.

So from what we can tell, those other tests appear to have been successful, and if you consider the fact that North Korea had not fired missiles for some 13 years and one day fired one off and hit the test range, I think you have to acknowledge there is some success there. I would not necessarily like to take a piece of equipment out that has not been used in 13 years and fire it off. Yet it appears to have been successful.

So we should not underevaluate their missile technology.

So the smaller missiles, Scuds and the like, kind of—I do not want to exaggerate, but inconsequential really. It is the bigger—

Ambassador HILL. Well, they are not inconsequential to our partners in the process. Scuds are not inconsequential because they can hit just about every part of South Korea. Nodongs are not inconsequential because they can also hit Japan. So our partners have to be very concerned about it. And I might add that those both are treaty partners.

Senator CHAFEE. Had they been launched in 14 years?

Ambassador HILL. North Korea launched a No Dong missile in May 1993. The 1993 launch was the last and only launch before July 2006.

Senator CHAFEE. In a long time.

Ambassador HILL. In a long time, yes.

Senator CHAFEE. I see.

Ambassador HILL. Well, 1998 was the Taepodong 1.

Senator CHAFEE. 1998 was the—

Ambassador HILL. Taepodong missile, the one that flew over Japan. But the shorter range systems, my recollection is not since the early 1990s. I will get back to you on that precisely. A number of years.

Senator CHAFEE. What would have been the worst case scenario, that the Taepodong 2 would have traveled to the best of its capability, which would have been what?

Ambassador HILL. Well, on the assumption that we are sort of rooting for their missiles not to succeed, we would not want it to—we would certainly not have liked to see a Taepodong missile reach its full range, which could hit, reach the continental United States in theory. Obviously, we did not see that, nothing close.

So I guess a worst case scenario would have been that it did that and plopped down somewhere on somebody's house.

Senator CHAFEE. And I am sure there is—trying to figure this and decipher it all out—some suspicion that, is it possible that these were planned failures?

Ambassador HILL. Well again, the shorter range missiles seem to have hit the target range, so they seem to be tests, and from what we can tell they achieved what they are supposed to achieve. Clearly, this large longer range missile did not succeed, but again I do not know what test data the North Korean scientists were able to glean from it. So I am sort of reluctant to term it the failure that it certainly looks like.

Senator CHAFEE. I guess I am wondering. You said the Chinese had asked them, do not go ahead with any kind of aggressive activities. Maybe this was: All right, well, we will fire off a couple of duds.

Ambassador HILL. Well, they fired off seven missiles and I would call that aggressive, because they were all shapes and sizes. And as I mentioned, their missiles are capable basically of hitting every country in the Six Party process. So I would not say that they in any way responded positively to the Chinese. And by the way, it was not just the Chinese. All of the other participants asked them not to do this, told them not to do this. And the United States, in addition to asking them not to do this, through other countries, we asked the Chinese to ask them not to do this. We also informed the North Koreans directly through their mission in New York, through what we call the New York channel, just so there would be no confusion at all the seriousness with which we viewed missile launches.

Senator CHAFEE. And as you went ahead with the U.N. resolution, how were the Chinese cooperating on that? How high was their cooperation with what we wanted in a resolution?

Ambassador HILL. Well, I think the Chinese had not done this before, had not participated in a resolution that condemns North

Korean's behavior. So it was a diplomatic process where we worked intensively with the Chinese on the language of this. I would say that the Chinese earlier in the week had asked us to hold off on the resolution because they had a diplomatic team in the field. They had their Vice Premier Hei. He was joined by the Six Party coordinator, Vice Foreign Minister Wu Dawei, and they asked us to hold off.

We did. The mission went to planning Pyongyang, was not able to get the North Koreans to come back to the Six Party Talks or to affirm, reaffirm, their missile moratorium that they had broken by firing these missiles. So I think when it was clear the Chinese diplomatic mission was not able to come back with the success they wanted, intensive negotiations, more intensive negotiations, took place in New York and we ultimately were able to agree on a unanimous resolution.

Senator CHAFEE. That would—they asking us not to delay would signal to me that if you looked at the Chinese livid-meter it was not that high.

Ambassador HILL. Well, I think the Chinese—again, I do not speak for the Chinese here, but they were not at all happy with how the North Koreans had defied them. They were not at all happy with how their mission to Pyongyang had been treated. I think the Chinese are well aware that as an emerging world power it is important for them to insist on certain things and get it done.

They had a neighbor here that depends on them every day of the year and they asked the neighbor to do something; the neighbor refused. So I think there is considerable concern in China, and I think this is reflected in their joining with us in condemning the North Korean missile launch.

Senator CHAFEE. From what information I have, there are some reports that the North Koreans and the Burmese are potentially doing some arms deals? Am I accurate in that?

Ambassador HILL. Well, Senator, this is an example of birds of a feather. The Burmese regime is another regime that does not seem particularly interested in joining the international community. As you know, Burma and North Korea broke off relations back in 1983 after the North Koreans murdered half the South Korean cabinet at a ceremony at a Burmese temple near Rangoon. So they have not had relations since that time.

Clearly, the Burmese junta and the North Korean regime feel they have something in common today, so they are in discussions and there are reports that they are going to reestablish diplomatic relations that have been broken since the North Koreans blew up half the South Korean cabinet in 1983 there.

Senator CHAFEE. Back to the key player, how is China going to deal with that new relationship?

Ambassador HILL. Well, I think it is important for us to deal frankly and intensively with the Chinese on their relations with countries that are on their borders. We do that, obviously, in North Korea, and I think it is also important that we do talk to the Chinese about their relationship with Burma. Obviously, this is not a hearing about Burma, but if it were I would be telling you that we are very, very unhappy with the direction of things in Burma.

This was one of the most promising Asian countries in the 1950s and now it is about the least promising. What we do not like to see is a situation where the Burmese are able to play off China against India or India against the ASEAN countries or China against Japan, et cetera, to try to divide and conquer. We think it is important that we all speak with one voice on Burma.

So we engaged the Chinese in this discussion and I can tell you we will be doing more of it.

Senator CHAFEE. Thank you, Mr. Chairman. And I thank you for your valuable service to our country.

Ambassador HILL. Thank you, and I look forward to getting to Rhode Island in a few weeks, by the way.

Senator CHAFEE. I know that will charge the batteries for the challenges ahead.

The CHAIRMAN. Thank you, Senator Chafee.

Let me say for the benefit of all Senators who are with us who have come in, we are having a 10-minute round of questioning because of the importance of our questions, and we want the members to have an opportunity in this hearing to question Secretary Hill. The fact that we have a great number of members here I hope will lead members to be careful not to exceed the 10 minutes if you can avoid it. We will try to be courteous to everybody in allowing the dialog to continue, but this is a crowded calendar today and, fortunately, now more of a crowded podium. So we are appreciative of that.

Senator Sarbanes.

STATEMENT OF HON. PAUL R. SARBANES, U.S. SENATOR FROM MARYLAND

Senator SARBANES. Well, thank you very much, Mr. Chairman. I am glad we got this endorsement of Rhode Island tourism into the record here this morning. [Laughter.]

Mr. Secretary—we are pleased to have you before us. Could you tell us a bit about what went into getting this resolution at the Security Council and how satisfied you are with the resolution?

Ambassador HILL. Well, first of all, I want to be clear. I represent East Asia Bureau, not the United States U.N., which is run by Ambassador John Bolton. But I will tell you that—

Senator SARBANES. Well, presumably you all were part and parcel of the effort.

Ambassador HILL. Oh, sure, yes.

Early, soon after the missile launch, one of the members of the Security Council, not a permanent member of the Security Council but Japan, was very interested in taking the lead in putting together a robust resolution. Japan worked very hard to put together a resolution and worked very closely with us. The resolution that was put together had some eight cosponsors of it, that is eight countries in the Security Council, representing different countries in different parts of the world. The Europeans were cosponsors. We had some Latin American countries there.

That was done the previous—that is, within 3 days of the actual missile launch. The Chinese signaled that they were concerned whether this resolution would be in their view helpful to the situation, and so the Chinese asked that, given the fact that they were

going to launch a diplomatic mission to Pyongyang to convince the North Koreans to reimpose their missile moratorium and to come to the Six Party Talks and, most importantly, come to the talks with a view to implementing the September agreement, they asked that consideration of this resolution be postponed.

So the sponsors of the resolution agreed to give China time to do that. By the end of the week, however, with the Chinese delegation still not having had key meetings in Pyongyang and not having indications that the North Koreans were prepared to come back to the talks or to reimpose the missile moratorium, the Chinese then proposed a resolution of their own, with different language in the resolution. At that point it became what often happens in New York, an intensive negotiation to come up with a resolution.

It was possible at any time that we would have two resolutions, but I think it was strongly felt by our leadership, by our President, our Secretary of State, that it was valuable to have one resolution that represented the unity of the Security Council and, frankly, the outrage of the international community. So they worked, my colleagues in New York, worked very hard on taking the Chinese text and the Japanese text and putting it together in one resolution.

We believe it is a very strong resolution. We believe the operative elements of it are to require that countries work to exercise vigilance in not allowing North Korea the means to develop these missile and WMD programs nor the means to proliferate this. We believe the resolution is very robust in terms of requiring countries to exercise vigilance, not to allow North Korea to have the financial means to develop these things.

In addition, the resolution calls—first of all, condemns the North Korean action, but also very importantly calls North Korea back to the Six Party process.

North Korea, as you know, their ambassador attended the Security Council session. He clearly contained his enthusiasm for the resolution and stormed out, not before he called the Security Council some names, and I think has put North Korea in the position now of defying the Security Council.

So we will continue to work with our partners on this. I cannot stress enough the importance of working multilaterally on this because the United States in and of itself, we can protect ourselves, but we cannot solve this problem. We need to solve this problem with the partners. So we will work intensively with our partners and we will assess where we go from here.

Senator SARBANES. Have you identified the countries that are providing assistance to the North Koreans in their effort? In other words, the countries that this resolution is designed to curtail in terms of their relationship with North Korea?

Ambassador HILL. Well, there are—all countries, all member states, are required to exercise vigilance. So I think what we want to do is work closely with countries that have the most interaction with the DPRK, financial interaction and also material interaction. Often those are countries that are closest to the DPRK and we are working with them diplomatically on this.

Clearly, we need to continue to work very much with the Chinese, but, as you know, Japan is considering a list of very robust sanctions which, if implemented by the Japanese authorities, will

help constrain North Korean access to financing, to financing these programs.

Senator SARBANES. How far apart are the countries that are directly engaged in this effort amongst themselves in terms of what they think the policy should be?

Ambassador HILL. The countries engaged all have—all share the same goal, which is North Korea needs to be denuclearized, needs to get out of this business; that North Korea needs to reimpose its missile moratorium; and North Korea needs to begin to join the international community. Countries, however, have different motivations for this. I would say that in the immediate region there is concern that if—for example, in China there is concern that if North Korea were to go ahead and develop a nuclear program—I mean, a successful deliverable nuclear weapons program, that this could encourage other countries in the region, and the Chinese frequently cite Japan as a concern, that they do not want to see Japan go nuclear, for example.

So I think China is very concerned about the potential of an arms race in northeast Asia. So that is something that is a concern that we share as well.

I think generally countries in the region want to see northeast Asia as a region that not only exports many of the world's exports, manufactured exports, but as also a region that can export peace and stability, and it cannot do that while it has this one country there producing these weapons systems.

Senator SARBANES. You have given us a quick analysis of the China posture. What about South Korea, Japan, and Russia?

Ambassador HILL. I think South Korea obviously has a complex relationship to North Korea. It goes back a couple of thousand years during which they lived together. So it is a very emotional issue with South Korea. I mentioned earlier that it is one of the great tragedies of that country that 60 years later there is this terrible division, that their country was divided in the middle of the 20th century. So it is a major humanitarian issue for South Korea to have its people to be able to be together. There are people in South Korea—

Senator SARBANES. I think I saw in the morning paper that they have suspended the permissions to go back and forth between the two?

Ambassador HILL. The North Koreans did that, yes. The North Koreans did that in retaliation for the South Koreans cutting off some humanitarian assistance. The South Koreans do not want to have to go this route, but they understand that there is a point at which there is behavior in North Korea that they simply cannot, cannot countenance.

I would add, as I mentioned earlier, that there is a debate going on in South Korea, a very active, lively debate about what their correct policy should be to North Korea, because there are those in South Korea who want to be supportive of North Korea and not expecting much back, but somehow keep North Koreans fed, to prevent further humanitarian catastrophe in that country. There are people who feel that they should do that without anything in return.

Then there are people in South Korea who feel that the North Koreans have abused that, and there is an active discussion on that, and I think that is to be encouraged. So there are very strong emotions there.

I feel as an American diplomat it is important that South Koreans work this out, that we not lecture them, shake a finger at them, tell them what to do, because, A, I do not think it will work, and B, I think it could actually do some damage to our relationship with South Korea. So South Korea has a special interest there.

Japan has to be very concerned about a country that is so implacably against Japanese interests and is setting up medium-term missile systems that Japan's own self-imposed limits on its military could not deal with on its own. So it has actually stimulated a discussion in Japan about the type of military it needs. That discussion in Japan has reverberated in South Korea, where people are worried about the Japanese reaction to the North Koreans. It has also stimulated concerns in China as well. So there is a lot going on there in the region right now, but I think we need to keep focused on who started this problem, and it is North Korea.

Senator SARBANES. Russia you did not do.

Ambassador HILL. Russia also does not want to see an arms race in northeast Asia. Russia—this is, the Pacific Far East, is an area perhaps of secondary concern in Moscow, where Russia has many European areas that they are more concerned about. But nonetheless, we believe we share the same strategic interests as Russia. They do not want to see North Korea become a source of technology or a source of instability in the region.

Senator SARBANES. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Sarbanes.

Senator Allen.

STATEMENT OF HON. GEORGE ALLEN, U.S. SENATOR FROM VIRGINIA

Senator ALLEN. Thank you, Mr. Chairman, for holding this hearing. Thank you, Secretary Hill, for shedding light on an increasingly worrisome, dangerous situation insofar as North Korea is concerned.

All of us recognize that the key player as we move forward in trying to get North Korea to comply with its agreements as well as international standards is China. China provides the sustenance, the support, and is a key benefactor for North Korea. If they really did want to have an impact, they could, or at least they are in the best position to do so. So China's actions as this moves forward will, from my perspective and I think from our perspective, should be that if they want to be a credible partner they need to step up.

There are several things that concern us. Including deploying a missile defense system as effectively as possible to help out our allies in that region, particularly Japan and potentially South Korea as well, but especially Japan.

Now, on the weapons front, let me follow up. Senator Hagel posed a question to you whether there was evidence of North Korea transferring nuclear capabilities to any country, and you said there was not. Now, at these missile tests, though, as far as other pro-

liferation of arms and weapons of mass destruction, is it not true that there was at least one or more Iranian officials there to watch these missile launches?

Ambassador HILL. Yes, that is our understanding, and our understanding is that North Korea has had a number of commercial relationships in the Middle East with respect to missiles.

Senator ALLEN. Well, the fact that the Iranians were there and they have relations with them and that we know that Hezbollah is firing rockets, not missiles but rockets, into Israel right now, we know that Hezbollah is armed, funded, protected, and for all intents and purposes directed by Iran, that would be a great concern, that Iran has those relationships militarily with North Korea; is that not correct?

Ambassador HILL. That is absolutely correct. I want to say, though, in truth in advertising, I am the—I deal with East Asia Pacific. I am not the point person in the Department on missile proliferation. But you are absolutely correct.

Senator ALLEN. Well, they were not there just for a United States Independence Day celebration to see the rockets and missiles that North Korea sent off.

Ambassador HILL. It is clear North Korea has interests in commercializing this technology. My response to Senator Hagel was in—was to the specific question—

Senator ALLEN. On nuclear.

Ambassador HILL [continuing]. Of selling plutonium.

Senator ALLEN. Understood. Insofar as Iran, that is a concern and they do have those relations.

Also, the Asia Times had reported recently that North Koreans are strengthening ties to other countries. You mentioned Burma. Venezuela has also been mentioned and stated by Venezuelan leaders, and also Syria. What do we know about any of the military transactions with Syria or Venezuela?

Ambassador HILL. Well, we certainly—we have certainly tracked that and we do know that they have been engaged in these types of talks. I am not sure I can say in this hearing room the extent of what we know, but I can assure you we are on that one.

Senator ALLEN. All right, that would be instructive for a classified briefing I think, Mr. Chairman, at some point when convenient.

Insofar as the resolution that was passed by the United Nations, it was not the Japanese-proposed resolution; it was a resolution that you have characterized as strong. However, it was not as strong as the Japanese resolution. I will not get into some of the classified briefings we have had on that. But China was not supportive of the Japanese resolution.

Should North Korea continue to respond in an unpositive or negative way to the recently passed U.N. resolution in their reaction to this one that is less strong than what Japan had proposed, have we, the United States, received any assurances from China and Russia that they would agree to invoke Charter 7 mandatory sanctions on North Korea if North Korea continues?

Ambassador HILL. Well, I am not aware that we have received assurances against the possibility that North Korea will continue to defy this resolution. But what I can assure you of is that—

Senator ALLEN. What is your characterization of North Korea's reaction to this resolution that has been passed?

Ambassador HILL. Defiant.

Senator ALLEN. Right. And if it should continue?

Ambassador HILL. Should it continue, I think we need to be very, very much in close contact with these countries about next steps. I cannot at this point tell you whether next steps would be a new resolution, but certainly we want to work with these countries to make sure that they are doing all that they can do to fulfill their obligations under this, under this resolution, to be exerting vigilance against the North Korean efforts to fund these programs and to develop these programs.

I think that is probably going to be the area where we work most closely with those countries. We want to—I think it is very important that the resolution also lays out the need for a diplomatic track, and we will continue to work with these countries on the way forward in the diplomatic track. But ultimately the North Koreans are going to have to make their own decisions on that, and it does not look as of now that they are interested in rejoining a diplomatic track, and so we are going to need to reassess and see what else we can do.

Sir, we have a number of options here. We do not have the options of walking away from this problem. We have got to stick with it. We have got to look to see what we can do with it. We need to work with these partners. Multilateral diplomacy is not an easy thing. Everyone has a different—everyone has a better idea in the room. So you have to work with them. But that is what I do for a living and that is what I will continue to do.

We are not going to walk away from this problem.

Senator ALLEN. Well, thank you for doing this for a living, and I do not believe we can walk away from it. If we turn our backs on it there will be even more danger from North Korea. I thank you for your service. This is very trying, but very important for our future.

Insofar as Japan is concerned, have they made any statements or any indication that they are satisfied with the actions of the Security Council, and what are we doing to provide assurances to them for stronger actions should the North Koreans continue not to cooperate? In particular, I know this is not necessarily the portfolio of the State Department, but the deployment of a mobile missile defense system to protect Japan; what can you share with us on those aspects?

Ambassador HILL. First of all, we have worked very, very closely with the Japanese through this entire crisis, extremely closely. We have sought to assist them with various short-range defensive systems. Again, I am not the right person to brief you on that. I think that should come from Defense Department. But we have been looking to—we have placed some additional Patriot missile batteries in Japan, for example. But I emphasize the need to talk to Defense Department on that.

I would say our cooperation with Japan has become—is unprecedented in its positive nature. As you know, Prime Minister Koizumi was here a few weeks ago and a lot of the discussion had to do with dealing with this North Korean missile threat. As you know, there

has been a discussion in Japan about the whole issue of what kind of armed forces it should have. As I mentioned earlier, this has caused some concern among its neighbors. We very much want to see Japan have a better relationship with its neighbors, and we work with Japan on that and we work with its neighbors on that.

Japan is a very close ally of ours and I think that has been proven in the preceding weeks.

Senator ALLEN. Thank you.

In 1 minute, where do you see the public in South Korea? Where do you see any public opinion shifting with, not just the provocative launches, but North Korea's recalcitrance and objections to the Security Council resolution?

Ambassador HILL. Well, as I mentioned earlier, I think there is a very, very lively public debate going on. You look at the South Korea press every day and there is a lot of discussion about whether the government has the right policy, policies toward this issue. I was just in South Korea about a week ago and I would say overall the tendency, the trend there, is going to be to probably tighten up in its relationship with North Korea. They do this very reluctantly because I cannot emphasize enough this is a very, very emotional issue for a people who have been divided, a people who have really felt that the mid-20th century divided them and humiliated them. So it is not easy for them.

But they clearly are discussing this. It is a very lively democracy there in South Korea, and I do not think they need me to help them with this. I think they can work this through.

What is important to us, though, is at the end of the day we not allow the issue with North Korea to weaken our relationship with South Korea. On the contrary, we want to see these tough issues strengthen our relationships there, especially with our allies, Japan and South Korea.

Senator ALLEN. Thank you, and thank you for your service. We are fortunate to have somebody of your capability and integrity serving our country.

Ambassador HILL. Thank you.

Senator ALLEN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Allen.

Senator Dodd.

STATEMENT OF HON. CHRISTOPHER J. DODD, U.S. SENATOR FROM CONNECTICUT

Senator DODD. Thank you very much, Mr. Chairman.

Thank you, Mr. Ambassador, for your involvement. We are glad you stay involved, engaged in this. I think the good news I have heard you say already—and I apologize for missing your opening statement—is that we have got to stay engaged in this, in this process, that we cannot sit on the sidelines and hope somehow it resolves itself.

I happen to believe there are some opportunities in all of this as well, to strengthen some relationships and to take us in some improved directions with some of the parties involved in the Pacific Rim. I guess I would like to ask you—you may have addressed this and I apologize if in your response to earlier questions you may

have touched on some of these. But let me—if you have, you will tell me so.

But like all of us, I guess here, we are trying to figure out sort of what is the objective that Kim Jong-Il is seeking with this effort. What are his goals? Is it—obviously, the ones that come to mind, it could be deterrence. I question the legitimacy of that, but you could make a case. Winning economic and political concessions make a case, I suppose, for that as well.

I suspect—and I am going to ask you to comment on some of these; there is a question mark on the end of all of this. Prestige at home and abroad. Where is he vulnerable in his own country? I suspect it is the only group that may pose some threats to him would be his own military, so scoring points with them by doing this may be solidifying his own position at home.

I believe you said at the outset of your comments here or in response to a question that we are not necessarily interested in regime change in North Korea; we are interested in a change of behavior. I think those were your words or words to that effect. If that is the case—and I would like to have you make the case here—why are we more explicit? If in fact many argue that what Kim Jong-Il is seeking here and what the Chinese and the South Koreans and the Japanese and the Russians cannot really offer is exactly what you have suggested in your comments here, that the only thing the United States can offer that others cannot is this not seeking regime change militarily, I guess you might want to add here.

Why not be more explicit about that if in fact that may be the piece that North Korea is seeking? I am making that as a conclusion. I put a question mark there because I want to know whether or not you agree with that. Other than that, then go back to my earlier point and what are the objectives? What are they trying to achieve here? I am sort of mystified by what goals they hope to accomplish with all of this.

Ambassador HILL. Mr. Senator, you are not the only person that is mystified by it. I must say I listen to a lot of North Korean experts, and you listen to five and you get six different explanations of it. It is truly difficult to fathom what they have on their minds. My own sense—and again there is no official policy on what this is, so I will just tell you my own sense. I think they have a misplaced notion that the tougher they are, the stronger their military, that somehow the tougher, the more prestigious their position will be in the world community and, more specifically, at the bargaining table.

So I think they feel that the bigger the missiles, the stronger their position. I think—I do not agree that they are looking for nuclear deterrence. I really do not agree with the notion that somehow they live under a sort of imminent threat of a U.S. attack and that is why they need these super-weapons, to protect themselves from our attack.

We have told them over and over again publicly, privately, wherever, that we are not interested in attacking or invading North Korea.

Senator DODD. Have we said that to them directly?

Ambassador HILL. We have said that. And if you look at the September statement, it is there in black and white. So they know this.

I think what they are looking for in having a nuclear capability is prestige value, and I am sorry to say, frankly, I think it is also a way to kind of intimidate their neighbors. They look around, they see neighbors that are much more powerful than they are. To understand the dynamics of North-South relations, in 1960 North Korea was well ahead of South Korea. In 1970, North Korea was well ahead of South Korea. And now North Korea has a per capita GDP that is minuscule compared to South Korea.

History has already happened. It is over. And you can imagine if there is a trauma there, you can imagine how they feel about that. So how do they catch up? They catch up with a sort of super-weapon.

So I really think it is a misplaced sense of how to be strong. What we have to do is to be a little tough in response, and I think we need to make very clear that we are not going to allow them to become a nuclear state. You know, they look at some other examples in the world and say, well, we allowed country X to become a nuclear state, and so why do you not allow us? We are not going to allow North Korea to acquire these types of weapons.

I think the sooner they understand that, the better. We have put together the Six Party process with the Six Party Agreement and anything they should want in the world is contained on those two and a half pages. It is all there. If they want energy, it is there. If they want security assurances, it is there. If they want bilateral recognition, it is there through a process.

By the way, there will be a process. If we ever get to the point of normalizing our relations, we will have to address some issues that they do not like, for example human rights. But they are just going to have to understand that the rest of the world has its human rights record. Our human rights record, as well, gets inspected and they are just going to have to get used to the fact that if they are going to join the world they have got to play by the rules.

Right now they have a sense of somehow there is this North Korean exceptionalism, that rules are for someone else, not for them. So I think we have to be a little tough on this point. But if they are willing to work with us, we have got an agreement that will really offer them a way back into the international community.

Senator DODD. But we are not going to let them—you say we are not going to let them acquire weapons. Do they not already have them?

Ambassador HILL. They have—what we know is they have some missile technology and we know that those short- and medium-term missiles seem to work. We know that they have plutonium. We do not know whether they have been able to put the plutonium into some sort of explosive device they have never tested. But we know they have the raw material, that is plutonium. We do not know whether they have put it into a—

Senator DODD. Could it be enough to maybe do six or eight? I have heard the report they have enough material to produce six or eight.

Ambassador HILL. You talk to analysts and you will get different points of view, but in that order of magnitude, yes.

What is a little discouraging, frankly speaking, is throughout our negotiations in the Six Party, on these principles in September, they kept this Yongbyon reactor operating. So this Yongbyon so-called graphite-moderated reactor, it was not there to produce electricity. It is there to produce plutonium byproduct. And they kept that going the whole time.

Then at the end of this process when the United States announced certain measures that we were taking against some of their illicit activities, their financial illicit activities, they said they will boycott the rest of the talks unless we stop that. My point is, if they can go ahead and produce plutonium through the talks, surely we have the right to protect ourselves against illicit activities, and that is what we continue to do.

Senator DODD. I do not want to—the reason I say do they not already have it is because we heard from John Negroponte testifying publicly that he believes in fact they do have this, they do have this capacity.

Ambassador HILL. I am sorry? Capacity?

Senator DODD. Weapons, nuclear weapons capability.

Ambassador HILL. We know they have plutonium. We do not know that they have taken the plutonium and through an explosion caused a nuclear—or have the capability of causing a nuclear explosion. Now, people who know this kind of stuff say that the trick is in producing the plutonium and after that it is relatively easier.

But what we know is that they have produced plutonium, and we do not know beyond that how much they have been able to turn it into a device or miniaturize it and put it onto a missile.

Senator DODD. But they are getting—if not there, it is your view that they are pretty close to doing that?

Ambassador HILL. I do not know how close they are. I just know that they are developing missile technology on the one hand and they are harvesting plutonium on the other end, and clearly they are looking to fill in the middle, and I do not know how far they have gotten. But frankly, I do not think we should be waiting around for that to happen.

Senator DODD. Let me if I can—let me ask you quickly about the Chinese, because here there have been some who have suggested that the Chinese ought to listen to us, that this could be a defining moment in the relationship with China. I understand that. Are we listening to the Chinese? It seems to me here, of all the players outside of ourselves, the critical country regarding this effort here is China, for all the obvious reasons, I think some of which you have articulated already.

It seems to me that we ought to be listening to the Chinese because they may have the key to this issue, and I wonder if you might expound on that a bit.

Ambassador HILL. I think the Chinese are the key players and it is no accident that they are the host of the entire Six Party process. I completely agree with you they are the key players and they probably know the most about the North Koreans. They have certainly seen them the most. They have the most connections. They

have economic connections, political connections, they have military connections. They know a lot about them.

I think they have also had a long relationship with North Korea, some 60 years, and they are—in China policies do get changed, but it takes a while for things to change there. The nature of my discussions with the Chinese tends to be they ask me for more patience and I ask them for less patience. We have to come to a sort of agreement, a sort of work plan on how we can move ahead.

I feel we had an important week last week. The Chinese asked for a delay in the Security Council. We gave them a delay. Their diplomacy did not work. They came back to the Security Council. They worked with us and we came up with one unanimous resolution. I thought that was very valuable, but in and of itself it is not going to solve this problem. We have got to keep working with the Chinese and find other ways to work together.

Senator DODD. But they are being cooperative?

Ambassador HILL. I'm sorry?

Senator DODD. They are being very cooperative in your view?

Ambassador HILL. I think they understand that this problem is not going to go away with patience. This problem is going to require us to be aggressive in dealing with it. So I have a very good relationship with my counterpart there and I really feel that if you look at the waterfront of United States-Chinese relations, a complex relationship if there ever was one, this is an area where we can work together, and I think if we can solve this one we are going to be able to solve a lot of problems.

Senator DODD. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Dodd.

Senator Voinovich.

**STATEMENT OF HON. GEORGE V. VOINOVICH, U.S. SENATOR
FROM OHIO**

Senator VOINOVICH. Thank you, Mr. Chairman.

First of all, I would like to congratulate you, Ambassador Hill, for the outstanding job that you are doing. You have had great patience and persistence. You have been very restrained in your rhetoric and, even though we have been taking some criticism because we have stuck with the Six Party multilateral approach to this, we stayed the course, and I think that your great success at the Security Council is something that is a highlight of this year in terms of foreign policy.

One of the things that puzzles me is the incentives for the Chinese to use its influence to get North Korea to comply with this resolution that has been passed. Now the spotlight is on the enforcement, compliance. I would be interested to know, in terms of incentives, is if the Japanese talking about perhaps a preemptive strike or changing their constitution or developing a nuclear weapon capability had much influence on their decisionmaking?

Ambassador HILL. When I was in Beijing last week, there was frankly in private discussions, there was a lot of criticism of Japan, and clearly the Chinese have expressed a great concern about Japan. I took it as my mission to continue to focus them on the problem, which is not Japan but rather North Korea, and I think they got the point.

Senator VOINOVICH. I know that the relationships between China and Japan are not as good as they should be, although economically they are doing a lot of business with each other. Are we doing anything to encourage the Japanese to prevent Prime Minister Koizumi visiting that shrine to the veterans of the war? Then there has been some—I know I have met with some Chinese and they have complained about the history books are not really capturing what really happened during the Second World War.

Ambassador HILL. There is a—this is an ongoing issue between Japan and China, between Japan and South Korea. Memories are very long in Asia and this is something that, we would like to see these historical issues resolved. We think, though, that with respect, for example, to Japan and South Korea, these are two democracies, two allies of ours, and we think they ought to be able to solve this without advice from us.

Senator VOINOVICH. So you are letting them work it out?

Ambassador HILL. We are letting them work it out.

Senator VOINOVICH. How much are the Chinese paying to the United States—in terms of their relationship with us, one of the things is that, how much influence do we really have with them, and then the other side of it that I worry about because I have been involved in normal trade relations—not normal trade relations, but intellectual property rights violations and the fixing of their currency, this concept that we need them so badly on North Korea that we may be compromising in terms of some of the other issues that are very important to the United States. Could you comment on that?

Ambassador HILL. Well, I think we have a very broad, very robust agenda with the Chinese, which as you intimate includes a lot of issues that are in the economic area. Certainly from our vantage point or from my vantage point, I do not see any effort to go slow in those areas so that we can get more from them in the North Korean issue.

We are not asking China to do anything in North Korea that we do not think is in their interests to do. Clearly, as I mentioned earlier, to have North Korea develop nuclear weapons is a serious problem for us all, especially for China and for the region. So I would say that the Chinese very much value our relationship, and what we are trying to do is broaden that relationship, that we are not just dealing with China on an issue of North Korea and then the economic issues, but we are engaged with China on a lot of issues around the world. We are talking to them about problems in Africa, we are talking to them about Burma, we are talking to them about a lot of issues.

So I think the Chinese want to work with us on that, and they understand the depth of our concerns on North Korea. We have made it abundantly clear that we have got to solve this one. We do not just have to sit around and talk about this one. We need to solve it.

So I think they are incentivized on North Korea. I think what we need to understand is—and I hate using this word because I sound like a typical State Department person, but it is complex. It does go back years. I think we need to understand the relationships with China and relationships with North Korea. There are a lot of

them. So changing Chinese policy on North Korea is not just going to be the result of one meeting where they slap the side of their head with the palm of their hand and say: Okay, now we get it; we will change. It does not work that way. We need to work with them on this.

Senator VOINOVICH. Do you think that they have got some tools in their box that they still have not used to restrain North Korea's nuclear ambitions and the erratic behavior?

Ambassador HILL. I would like to believe that they do. Again, we do not tell them what to do, tell them how to do it. But we make clear to them that ultimately we need results in this area.

Senator VOINOVICH. You mentioned the long relationship and how difficult it is to change that relationship. But has their concern about the destabilized North Korea and the possibility that they would get a tremendous number of people coming into China had anything to do with their being a little bit reluctant maybe to push as hard as they should?

Ambassador HILL. I agree that is one of the issues. But frankly, I do not think the current situation is all that stable, either. While I am sympathetic to the idea that they are concerned about 20 million people streaming over the Yalu River, I think they should also be concerned, maybe more concerned, about proliferation of weapons of mass destruction.

So it is one of the issues, but I think that problem really can be controlled and, frankly, I think the issue of weapons of mass destruction is a much more destabilizing problem than the so-called collapse of North Korea scenario. What we have made—what we have also made clear to the Chinese is we are not interested in taking some kind of strategic advantage from some change in political relationships in the Korean Peninsula.

We want to work with China. We understand their security concerns and we are not interested in taking advantage.

Senator VOINOVICH. Has the issue of Taiwan come into these talks at all, or negotiations?

Ambassador HILL. No. Taiwan does not come up directly in the context of these negotiations or in the sense of any kind of tradeoffs of any sort. China knows our position on Taiwan and we know their position.

Senator VOINOVICH. The last thing I would like to say is I think that we have been very fortunate that we have had responsible people in the United Nations, in the Security Council. I have had an opportunity to speak with Mr. Oshima, Kenzo Oshima, who I was very impressed with, and I think that we should pat the Japanese on the back in terms of their being willing to come to the table and compromise, because they are the ones that really have the most at stake immediately. I think that their cooperation and help should be recognized by all of us and we ought to let them know we are appreciative of it, and I think it underscores the fact that now that resolution is passed we are going to do everything we can to make sure that the North Koreans comply with it.

The CHAIRMAN. Thank you very much, Senator Voinovich.
Senator Feingold.

**STATEMENT OF HON. RUSSELL D. FEINGOLD, U.S. SENATOR
FROM WISCONSIN**

Senator FEINGOLD. Thank you, Mr. Chairman, for having this very important hearing. Secretary Hill, thanks to you for joining us today. I want to add my voice to the others in thanking you for your continued service in our Government. I know that you are working on these issues day in and day out and I appreciate your professionalism and your dedication.

I also appreciate the work that the men and women in the State Department are doing, both here and throughout the world, and I hope you pass on this committee's appreciation for their efforts in some of our country's most difficult tasks.

I think we all agree that North Korea remains one of the greatest challenges to our country's foreign and national security policy. It is clear that approaches to date have not been successful. It is also clear that we are all interested in contributing to an approach that will work.

That said, Mr. Secretary, I remain concerned that our policy in North Korea has been dormant for too long. It appears to me and others that we have been waiting on the sidelines, hoping, almost passively, that conditions will turn our way. We have been distracted by Iraq, so much so that it took North Korea's launch of seven missiles before we got fully engaged again.

North Korea should be at or near the top of our foreign policy agenda. We need to figure out a way to get North Korea back into the international fold. Unfortunately, we cannot do that if we signal that our true desires are regime change and if we refuse to consider other options.

This is not really a partisan issue as much as a true policy challenge. While some of us may differ in approach, we are all interested in learning about what the United States Government and the international community can do to get North Korea to change its behavior. And I am glad you are here to shed some light on that, and I have been listening to some of the questions you have already answered.

I would like to follow up on the chairman's comments and questions and talk a little bit in more detail about direct and formal diplomatic engagement with North Korea. What are, if any, the negative aspects of opening a direct and formal diplomatic dialog with North Korea?

Ambassador HILL. Well, we are prepared to have a direct formal diplomatic dialog in the context of the Six Party Talks. That is, we are not prepared to improve our relations with North Korea or to have this direct dialog while they are boycotting the Six Party Talks, because we believe that at the end of the day if this problem of nuclear weapons, of weapons of mass destruction, is going to be resolved, it is going to have to be resolved in the Six Party process. If they are prepared to do that, we are prepared to sit down formally, bilaterally, and work through our bilateral issues, which include human rights concerns and other issues as well.

So we are—so if they are back in the talks and if they are prepared to implement the September statement, one of the provisions is to have a bilateral process and we will implement that. We are prepared to implement every word in that agreement.

Now, to begin this process while they are boycotting the Six Party process is really to run the risk that they would essentially render the Six Party process moot and that they would try to resolve this just with the United States. In fact, as the missile launches confirmed, this is not just a threat to the United States. It is a threat to the region.

Senator FEINGOLD. So your main concern that I have heard here about direct talks is that it would undermine the Six Party Talks?

Ambassador HILL. If it is done in the context where they are boycotting the Six Party Talks, yes.

Senator FEINGOLD. Say a little bit more about—could you just speculate a bit about what positive outcomes could come from direct engagement with North Korea? I understand the negative is that it could undermine the broader talks, which sounds like you say that without the Six Party Talks it will not work. But are there some positives that could come out of directly engaging with North Korea?

Ambassador HILL. You mean while they are boycotting the Six Party Talks?

Senator FEINGOLD. Yes. I just want you to speculate on that.

Ambassador HILL. I do not believe there are. Because the positives could be, let us say, to put aside misunderstandings. But we have channels for getting information to them. For example, on the missile launches we went directly to them through their operation in New York. So I do not think it is a problem of misunderstanding.

Then what I would like to emphasize is last summer in Beijing during the Six Party process I met with them numerous times. At one point I tried to keep track of that, and I met with the North Korean delegation almost as many times as I met with the South Korean delegation and the Japanese delegation. I met with them in formal meeting rooms in the actual convention center at the Diaoyutai Complex. I invited my colleague, my North Korean colleague, to private dinners outside the complex. He invited me.

Senator FEINGOLD. This was all in the context of the Six Party Talks, right?

Ambassador HILL. But these were—no one else was there. It was just Americans and North Koreans. You recall even 2 years ago Secretary Powell met with his North Korean counterpart at the ASEAN meeting.

We have had a number, we have had numerous bilateral meetings. So I do not think the problem is having another bilateral meeting. I think the problem is that they have not made the decision to implement the September agreement, because if they are prepared to implement that we are prepared to sit down with them bilaterally and go through any range of issues.

So my concern is, I just do not think this is really the problem.

Senator FEINGOLD. I understand that. But what it sounds to me is that if they refuse to return to the Six Party Talks for the next 2 years and continue to build weapons, the most we will do are these sort of informal contacts or talking with them when they basically shoot off some missiles. It sounds like we are going to be at a pretty low level of contact with them. Is that a likelihood?

Ambassador HILL. Well, if they refuse to return to the Six Party Talks it is because they do not want to denuclearize, and when they do not want to—it is not like they are going to denuclearize if they meet with us after the Six Party. They are not telling us that if we do away with the Six Party Talks they will denuclearize. On the contrary, they have said they support the Six Party Talks.

So the fact they are not going there means that they are not interested in fulfilling the things that we want to be fulfilled. So I am not sure what it is we are supposed to talk to them about.

Senator FEINGOLD. How do you know that, though, given how difficult they are to understand?

Ambassador HILL. I have met with them many times. I have talked to them. I have sat down with them. There is no indication whatsoever that they are interested in pursuing this.

Senator FEINGOLD. I know you are not in charge of the Iran policy, but I would like to talk a little bit about how we are handling the nuclear standoff with Iran and what it means for North Korea. In your opinion, are there any ramifications or lessons or impacts that our current policy on Iran is having on North Korea? Is North Korea watching our policy in Iraq and Iran and other places, and in your mind what is it sort of taking from that?

Ambassador HILL. Well, I think the North Koreans are watching that policy. They have watched our India policy, for example. They do read the newspapers. So I think what we have done in Iran we have already done in North Korea. We have a multilateral approach in North Korea where we are prepared to deal with them bilaterally in the multilateral approach.

So I am not sure there is anything there that is happening in Iran that they feel that they, that the North Koreans feel they do not already have. The only other issue is they seem to have this notion that because they are further along in developing weapons of mass destruction that somehow they should get more from us. And I am not sure we can really buy into that, buy into that logic.

So while the situation, while it does come up, I think they understand what the real issues are on the table.

Senator FEINGOLD. In your opinion are there any sort of red lines that if North Korea crossed them China, Russia, and South Korea would agree to cut off all aid and trade to the regime?

Ambassador HILL. It is of course hard to say in advance. I think a North Korean nuclear test, which would be a real confirmation of a successful nuclear program, where they have taken the plutonium that we know that they have had and in effect weaponized it, I think that test would be regarded with extreme seriousness by these partners, extreme seriousness. So while I cannot identify precisely what they would do, I can assure you they would not be indifferent.

Senator FEINGOLD. What then in your opinion is likely to be Kim Jong-Il's next move? Is there a chance that he will try to launch another series of missiles or, worse, as you just alluded to, conduct a nuclear test? What is your guess?

Ambassador HILL. Well, predicting his behavior is a bit of an occupational hazard. But I think we need to be prepared for the idea that he will want to show what is in his view more and more strength. I think the problem is that the more he does this kind

of thing the more he loses sympathy. I mean, he does not have any support, but he does have some sympathy among some of the Six Party partners.

Frankly, I think to the extent there was any reservoir of goodwill toward the North Korean regime, I think that reservoir is fast becoming empty, and I think actions of that kind, which are the sort of actions that he takes, would be inclined to drain it still further.

I would like to see him find a way to get back to the Six Party process. It is clearly the way to go and we are certainly on the lookout for signs that he is prepared to do that. But I think in that regard this is probably not a good week.

Senator FEINGOLD. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Feingold.

Senator Alexander.

Senator ALEXANDER. I pass to Senator Murkowski.

The CHAIRMAN. Very well. Senator Murkowski.

STATEMENT OF HON. LISA MURKOWSKI, U.S. SENATOR FROM ALASKA

Senator MURKOWSKI. Thank you, Mr. Chairman.

Thank you, Senator Alexander.

Secretary Hill, thank you for your time this morning. Thank you for all that you are doing, obviously quite tireless in your efforts as we try to deal with North Korea. It has been interesting sitting through your testimony this morning. You have been asked to speculate about a lot of things: What is Kim Jong-Il going to do next? Why did he do it? That was my question to you this morning: Why did he—why did he launch?

The Chinese have been telling him no. Everyone has been telling him no. Why did he do it? I think when those missiles were launched on the Fourth of July, we here in this country took it very personally, that you would send these our way on our Independence Day.

But you indicated in your testimony earlier, I think you said, you used the phrase “there was a missile there for everybody.” So it was not necessarily—and I am speculating now—it was not necessarily just directed at the United States to send us a message, but to the Japanese, to South Korea, to China, to the neighborhood in general, everyone within proximity, and I think to the world.

I am going to be leaving this hearing this morning not any more entirely sure why he did it. But I think that is part of our problem. We cannot understand the actions, if you will, of Kim Jong-Il and why he does what he does. That makes your job as the chief negotiator that much more difficult.

Ambassador HILL. Thank you. I would add one other explanation, which is domestic. I suspect that he has elements in the leadership, perhaps in the military, that feels they need to somehow show their own strength and perhaps to some extent that was another reason.

From the point of view of diplomacy, from the point of view of getting North Korea's way in the world, it makes no sense. I mean, he has really galvanized unity against him, and I think the Security Council resolution, which he probably did not predict, a unified

resolution of that kind that included China using a word like "condemns," very strong word, I suspect he miscalculated.

So often when someone miscalculates it is kind of difficult to understand their reasoning because clearly their reasoning was flawed.

Senator MURKOWSKI. Hopefully, he understands that it was flawed as well.

Nobody has really discussed the upcoming ASEAN Regional Forum that is going to be held in Malaysia next week. That is being viewed by many as our first opportunity to kind of have others engaged with the Six Party Talks to come together and put the pressures that will be needed to have North Korea come in and talk. I know that Secretary Rice is hoping to meet with the North Korea Foreign Minister. I have read reports that the prognosis for this and whether or not we are going to achieve any success is perhaps not very optimistic at this point.

I would ask your opinion as to whether you think we are going to have any success in Malaysia. I had a meeting with the foreign minister from Thailand and I know he met with Secretary Rice. He offered his assistance as well. How can we utilize others to kind of bring North Korea around? So if you can address what we can expect in the next couple weeks?

Ambassador HILL. I think it is very important for North Korea not to get mixed messages. Again, there will be people with their own views of how to solve this, but I think the Security Council really gives an excellent template to how people should think about this issue. So the ASEAN meeting is a first opportunity really to get together with the Six Party countries, but also with countries in the broader Asia Pacific region, to deal with what is truly a threat to security in the overall region.

Indonesia for example, like Thailand, has been very interested in trying to use its good offices to solve this. So we look forward to talking to the Indonesians about how they see the situation. As the chairman mentioned, the Indonesians have a special envoy to North Korea who recently went there.

It was interesting that Indonesian President Yudhoyono postponed his visit to North Korea because he did not want the visit to appear to be a mixed signal. But you are quite correct that a number of these Asian countries are very concerned about this, because it does affect the overall prospects in the region.

But let me just say one other thing about the meeting in Kuala Lumpur. We will look at this as an opportunity to consult with partners on the way forward in North Korea undoubtedly, but we also look at it as an opportunity to work with our ASEAN countries on furthering Asian integration and on really strengthening the bonds between the United States and these other Asian countries. We have a great interest in the success of ASEAN. We have a great interest in the success of the broader region in Asia, and we cannot allow North Korea, difficult problem that it is, to crowd out or to drown out these other issues.

So I know Secretary Rice looks forward to having good discussions with her Malaysian hosts, but also other countries from Southeast Asia. So it is going to be a very, very busy agenda. Indeed, as you know, Secretary Rice has a lot on her plate right now,

especially with this very difficult situation in the Middle East. I will be going to ASEAN a couple days earlier, so I will be hitting the road again this Sunday to get moving on this.

So we look at ASEAN or these meetings in Kuala Lumpur really as a very strong way where the United States can work with all of our Asian partners.

Senator MURKOWSKI. There was an article in the Wall Street Journal a couple weeks ago using the terminology “the threat perception gap” as it relates to North Korea and how other, the surrounding nations, South Korea, Japan, China, view, have viewed, and currently view North Korea. It was an interesting observation about what they called the disconnect between how the United States views the threat of North Korea and how South Korea, who has been sitting literally in the crosshairs of North Korea as the neighboring country for 50 years, and a recognition that there is more at stake than just being within missile range from South Korea’s perspective.

The concern may be that—and this is the reference in the article—that it is not the nuclear capability or the missiles themselves, but the South Koreans fear a United States overreaction could drive Pyongyang further into the Chinese camp, thus ruling out any reunification. Can you kind of speak to that dynamic that we are dealing with with South Korea? Obviously they are very concerned about North Korea’s actions, but they have other issues that they are intimately tied with with their neighbor to the north.

Ambassador HILL. I think you are absolutely right. North Korea’s behavior has often been described as reckless, including by myself. One of the reasons it is reckless is the effect it has on the overall region. Clearly it could ignite an arms race and that is in no one’s interest.

South Korea does have a very special relationship to North Korea. You cannot discount 2,000 years of history. So when South Korea looks at North Korea, no one really knows the future. I mean, whether there could be a unified state at some point or some other. No one really knows the political arrangements. But what the South Koreans want is that the political arrangements on the Korean Peninsula should be determined by the Korean people.

So there is concern in South Korea about the idea that North Korea’s economy could become more and more organically linked to China and that if South Korea is not present that North Korea could sort of look more and more like something that is really more a part of China. So that issue does come up.

But I hasten to add that the South Koreans value their relationship with China, so they do not want to make this some sort of major wedge issue with China. They want to work with China. South Korea knows the importance of China to the region. China wants to work with South Korea, but people do think about these sorts of things.

So when we look at sometimes what South Korea is doing in North Korea—and I know from the point of view of when we are here in Washington and we look at this, we wonder why they are doing it. There are different reasons why they are doing it, some of which are not readily apparent to us. So I think when one approaches these issues one does have to approach them with a cer-

tain respect for the thousands of years of history that have gone on before them, and it behooves us all to think these through a little.

Senator MURKOWSKI. I appreciate that.

I am going to ask you to engage in just one more question of speculation. Is North Korea perhaps trying to wait out the Bush administration to see if they get something better in the next round?

Ambassador HILL. Well, there has been speculation about that. I like to think that from the United States' political side that they have heard messages from both our main political parties that make it clear to them that they should not think that they can get a better deal.

I must tell you, I am less concerned about their thinking that they are going to get a better deal from someone than I am concerned about whether they really want a deal in the first place. You know, these nuclear programs, this effort to acquire nuclear weapons, this did not just start in this administration or in the Clinton administration. This goes way back. So I am concerned about that.

I mean, our Six Party process, I do believe, is the right format. But it does not offer any refuge for those in need of instant gratification. That is, you really have to work this through and, dare I say it, accept some of the advice I get from the Chinese to be patient. But I really think it is the right process.

Senator MURKOWSKI. We appreciate all your good work and I thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Murkowski.

Senator Alexander.

**STATEMENT OF HON. LAMAR ALEXANDER, U.S. SENATOR
FROM TENNESSEE**

Senator ALEXANDER. Thank you, Mr. Chairman.

I only have one question. The United States is helping Japan today, I believe, install missiles on land and in the sea to defend against—that might intercept missiles coming in; is that correct?

Ambassador HILL. I think some of these missile systems were envisioned some months ago, so one has to be a little careful with the time lines. But certainly we work carefully with the Japanese on these kinds of defensive systems, yes.

Senator ALEXANDER. Well, my larger point is that the nuclearization of North Korea has consequences beyond the immediate consequences. It seems to me that we are pretty good in Washington at seeing the immediate consequence of our actions. If we decide that we would like to topple Saddam Hussein, we can imagine that and we can do it. We are not as good at imagining what might come next.

As we think about North Korea's nuclear plans, I think of China in that respect. China is a distinguished country with a long history and a long memory, and you said they counsel patience. But I wonder how much of your diplomacy has to do with helping China think about what steps two, three, and four are of the con-

sequences of a nuclear-armed North Korea, and if so what are some of those steps?

If we were to look ahead and to try to explain to China, if North Korea continues and were to acquire nuclear weapons and arm its missiles with those, what would the consequences be that China should think about that affect China over the next 5, 10, 15 years?

Ambassador HILL. Well, what I often try to do with the Chinese—and look, I want to be very clear. I am not any smarter than they are. I mean, I do not give them some special insights that they were not able to come up with on their own. They have some very talented people across the table.

But I do try to focus them on one resounding fact, which is the United States one way or the other is not going to accept North Korea with weapons of mass destruction. We are just not going to accept it. The Chinese say they are not going to accept it either, and I say to them: Fine, and that is a good beginning because we have a common outlook.

In not accepting it, though, I think we need to make, continue to make clear to the Chinese, that the current situation is not in equilibrium. This is not going to hold. That is, this is not stable, to have this country, North Korea, continuing to develop these things, and it is not stable for some of the reasons that you alluded to. It is beginning to cause a certain arms race in the region. It is beginning to cause certain tensions within the region, as we have seen between South Korea and Japan.

So in short, in bureaucracy you often have problems that if you leave them alone, lo and behold, they get better. This is not one of these problems that is going to get better if we leave it alone. We have really got to be engaged in it and really work it.

So I do try to kind of lay out to the Chinese my views of what could happen if we work this and the bad things that could happen if we try to pretend this issue is getting better on its own. China has a view that somehow in the long run North Korea will develop its economy and that as they develop and as they interact with the world they will realize they do not need the weapons. I do not see that happening right now.

Senator ALEXANDER. Does China not worry about the possibility of a nuclear-armed Japan?

Ambassador HILL. They do. They do, and I think, frankly speaking, I think the North Korean missile launch brought some of these concerns about Japan, which by the way are concerns that we do not necessarily share, but certainly it brought some of these concerns that the Chinese have into sharper focus.

My effort in Beijing was to keep focusing the Chinese on the culprit here, which is North Korea, not Japan.

Senator ALEXANDER. Well, why would China not think that at least a rearmed Japan would not be the inevitable consequence of a nuclear-armed North Korea?

Ambassador HILL. I think they—I think they understand that interplay. I think the Chinese believe that the North Koreans need to be encouraged to join the international community and they need to see the value of being a member of the international community, and when these sort of megatrends finally set in that somehow North Korea will realize that these nuclear weapons do

not have a role to play in that and will therefore want to give up the nuclear weapons.

I do not believe that those are time lines that we can necessarily live with, and I think in the mean time we have these issues as you describe, with an arms race in northeast Asia.

Senator ALEXANDER. What are the possibilities that a nuclear-armed North Korea would produce a nuclear-armed South Korea?

Ambassador HILL. I think how the South Koreans regard their own defense is, like in Japan, something that they discuss. They discuss it quietly now, but I think we could look ahead to a very bad scenario where North Korea develops nuclear weapons, Japan has to look very hard at that, and South Korea will also look hard at that. So I think there is a lot at stake, which is why I think we have got to stick with this until we solve it.

Senator ALEXANDER. Well, I do not disagree with that. It seems to me that in this case that it is hard for me to see—China is a very thoughtful and careful-thinking country about its foreign policy and it would seem to me that the prospect of a rearmed or even nuclear-armed Japan and a nuclear-armed South Korea—it is hard for me to see how in any set of circumstances that is in the interest of China. It also seems to me it is inevitable if North Korea has nuclear arms.

Ambassador HILL. I think the Chinese support for a U.N. Security Council resolution condemning the North Koreans is an indication that China is kind of coming around in its thinking. China has traditionally had concerns about North Korean stability. They also have their own concerns that they have had a longstanding relationship with North Korea, to change that relationship could involve a lot of changes within relationships, be their political, economic relationships with North Korea. But also, it can also feed back into China's own internal issues.

So China does not change the policy lightly. But I think the more it sees of what is going on, that is the very negative trends that we outlined to them and that they in their very sober moments realize are happening, I think we can expect to gain more support, and I'd like to think this Security Council resolution is an indication of that. For me, I take an optimistic note from it that we should continue to work on this issue with China.

Senator ALEXANDER. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Senator DODD. Mr. Chairman, could I ask one question?

The CHAIRMAN. Thank you, Senator Alexander.

Yes, one more question.

Senator DODD. Just one more. I realize we are holding things up, but I gather you—well, I will not put words in your mouth, but you seem less than optimistic about the possibility of some sort of an arrangement or deal here with North Korea, with all of us trying to wrestle with what their intentions are, what their goals are. I wonder if you might just go back to thinking about the Agreed Framework, where for 8 years anyway the plutonium program was frozen in North Korea. Now, there was obviously the problem in 2002 with Assistant Secretary Kelly. We discovered the enriched uranium program that they had, they argued was not part of the

Agreed Framework, we obviously argued it was, and so things broke down.

But what is the problem with going back and trying to recreate the conditions in 1994 that produced the Agreed Framework? And is there not a possibility there that there is a deal? If there was something that produced that kind of deal, albeit not perfect and there were problems, clearly problems in 2000–2001, there were certainly some advantages North Korea saw in 1994 that caused them to freeze the plutonium program, which was clearly in our interest and the interest of those who want to see a disarmed North Korea.

Ambassador HILL. Well, my concern has always been that if we go in the direction of a freeze we will never get at the root of the problem. They have produced some plutonium. We need the kind of transparency from the North Koreans that they never offered us in that context. We need to be able to get all of this fissionable material.

I am concerned if we go the route of the freeze we will never get at the root of the problem.

Senator DODD. Put aside the freeze for a second. What are the conditions that produced that agreement? You can change the—

Ambassador HILL. It was a different time in history, but it involved a lot of tough negotiation and they ended up with this Agreed Framework, which included providing these rather expensive so-called light water reactors, that is providing—

Senator DODD. We never provided them, really, did we?

Ambassador HILL. No, it took 10 years to—we set up a bureaucracy for dealing with them.

Senator DODD. In your view could that have been a problem and why this thing might have failed, because the light water reactors were never forthcoming?

Ambassador HILL. My understanding of the negotiating history of this is the real failure had to do with the fact that we uncovered evidence that North Korea was making clandestine purchases of HEU, highly enriched uranium, equipment, and of course that type of equipment, that is the sort of nightmare breakout scenario where they could produce a lot more than just a few kilograms of plutonium.

Senator DODD. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Dodd.

Secretary Hill, I join my colleagues in their commendation of you for the extraordinary work you do on behalf of our country and peace in the area. We wish you every continuing success. We thank you for spending this time with us today responding in so forthcoming a way to all of our questions. Thank you.

Ambassador HILL. Thank you very much.

The CHAIRMAN. The chair would like to call now our distinguished second panel of the morning.

[Pause.]

Our second panel will include the Honorable Arnold Kanter, Principal Member of the Scowcroft Group in Washington, DC; and the Honorable Morton Abramowitz, a Senior Fellow with the Century Foundation in Washington, DC.

May I ask that there be order now in the committee room so that we may proceed with the testimony of these distinguished witnesses. I will call upon you in the order that you were introduced. First of all, Dr. Kanter, would you please proceed with your testimony. Your statement and that of Ambassador Abramowitz will be placed in the record in full and you may proceed in any way that you wish.

**STATEMENT OF HON. ARNOLD KANTER, PRINCIPAL MEMBER,
THE SCOWCROFT GROUP, WASHINGTON, DC**

Ambassador KANTER. Thank you, Mr. Chairman. I appreciate the opportunity to appear today to provide my assessment of the recent North Korean missile launches and their implications for United States policy. I would like to note at the outset that I am here today in a personal capacity and I do not represent anyone's views with the possible exception of my own.

Let me start by stating my two principal conclusions. First, while undeniably provocative, the military threat posed by the North Korean missiles depends far less on the missiles themselves than on whether they are armed with nuclear weapons. Or to put the matter a different way, the central security issue has been, is, and remains whether North Korea has a nuclear program, and we should not allow their missile launches to divert or dilute our attention from that central issue. It follows that our responses, including our military responses, to this North Korean provocation should be guided accordingly.

My second point is that the North Korean missile launches have produced effects that paradoxically have been positive, I repeat, positive, from the perspective of United States diplomatic and security objectives. I think the challenge that we face is to seize and exploit the opportunity that the North Koreans have unintentionally created for us.

Let me explain how I have reached these conclusions. As we have already heard this morning, no one is quite sure what Kim Jong-Il had in mind with these missile launches. If one of the things that he had in mind was to get our attention, then that certainly worked. But it worked in a way that almost surely was unintended and unsought by Pyongyang. Indeed, it is hard to avoid the conclusion that, whatever the North Korean plan may have been, it has backfired on them and it has produced results that serve our interests much more than it serves theirs.

North Korea's open defiance of widespread calls not to launch the missiles has produced near-universal condemnation by the international community and has left North Korea even more isolated diplomatically. A closely related result is that those missile launches have had a commendable unifying effect on our negotiating partners in the Six Party Talks, and Saturday's U.N. Security Council resolution on North Korea was a critical test of this renewed unity of purpose and I think the test was passed.

The fact that the key members of the Six Party Talks were able to come together to pass unanimously not only a tough resolution, but I think it is worth emphasizing here a tough binding resolution, demonstrated that these members could and would submerge

their differences over priorities, over tactics, and so forth to come together and stay focused on the North Korean threat.

So I think that the Saturday vote was enormously important. Having said that, I need to quickly add that I think this renewed unity of purpose could prove to be quite fragile, and its fragility could well be tested and could well be tested soon. If the North Koreans follow through on their threats to conduct more missile launches, then the differences that were compromised among Security Council members in the July 15 resolution could well re-emerge.

Another test will be how the U.N. member states now proceed to implement the resolution. If we, the Japanese, whomever, rush to implement its provisions in such an expansive way that China, South Korea, and Russia believe that the result amounts to and is intended to amount to de facto regime-threatening economic sanctions, then I think the unity that was forged on Saturday could well erode and ultimately could vaporize.

In many ways, the most important result of the missile launches has been to move North Korea off the back burner and back onto the front page. It has not only produced that result; simultaneously, these launches have created a more favorable environment by fueling a broadly negative international perception of North Korea as an irresponsible, reckless actor.

Now, I know that the committee fully appreciates not only the importance but also the urgency of the North Korea issue and I do not propose to replot that ground. I also share the skepticism, dare I say deep skepticism, that many have about whether there exists any plausible set of security, economic, and political inducements that will ultimately persuade North Korea to abandon its nuclear weapons ambitions.

But, that said, it is really hard not to be struck by the fact that while we have been insisting that Pyongyang needs to make a strategic choice, a choice between nuclear weapons and becoming a prosperous and secure member of the international community, the reality is that the North Koreans face few if any incentives to make what will be a very hard choice, and moreover they face few if any penalties for refusing to choose.

Instead, North Korea continues to have it both ways, a little bit like my mother. They continue to produce material for nuclear weapons and at the same time they continue to receive economic assistance and investment, particularly from China and South Korea.

I think their missile launches and the ensuing international response have put us in a better position to make North Korea make that choice. Now, I think the outlines of what is required to exploit this opportunity are familiar. On the one hand, North Korea needs to be persuaded that it will pay a steadily increasing price for its continued defiance, and I think that the public embarrassment that Pyongyang has caused both Beijing and Seoul increased the chances that they will now be more willing to make clear to North Korea that its continued stonewalling will not be cost-free.

On the other hand, the United States not only needs to persuade North Korea that we are serious about delivering on our promises and commitments in the September 19 statement; in some ways as

important or more important, we also need to persuade our negotiating partners about our good faith so that they will use their leverage on Pyongyang to get it to return to the talks and get it to negotiate seriously.

How then should the United States proceed? I believe there are two principal and closely related tasks. First, we need to seize this moment and seize the initiative. Second and equally important, we need to work hard to maintain the current unity of purpose about North Korea that has emerged. Among other things, I think this means removing, working to remove obstacles to resumption of the Six Party Talks. These are not obstacles so much as they are North Korean excuses and acceptance by others of North Korean excuses for refusing to return to the talks.

In this connection, I think that the issue of direct United States-North Korean talks is or at least ought to be a red herring and we ought to take it off the table, not only to deny the North Koreans the excuse but also to deny needless friction, to avoid needless friction among the five, and I think a clear reiteration and an appropriately flexible interpretation of what is the current United States position, one that you heard Ambassador Hill give this morning, namely that it is prepared to engage with North Korea bilaterally in the context of the Six Party process, ought to do the trick.

The Treasury Department's investigation of money-laundering by the Banco Delta Asia in Macao is a more difficult problem. Some may wish the United States had not decided to move against the Macao bank, but we have and, having done so, we should pursue the matter as a tightly-focused investigation and one that is completed as expeditiously as possible. We need to do this both to rebut accusations by Pyongyang and to assuage concerns among our Six Party partners that this investigation really is a de facto set of economic sanctions against North Korea that we intend to remain in place indefinitely.

My bottom line is simple: The stars are in better alignment than they have been for a long time and the challenge for U.S. policy is how best to capitalize on the opportunity that has been presented.

Let me close by expressing my appreciation again for this opportunity to present my views to the committee. Thank you, Mr. Chairman.

[The prepared statement of Ambassador Kanter follows:]

PREPARED STATEMENT OF HON. ARNOLD KANTER, PRINCIPAL MEMBER, THE
SNOWCROFT GROUP, WASHINGTON, DC

I appreciate the opportunity to appear before the committee today to provide my assessment of the recent North Korean missile launches and their implications for United States policy options with respect to North Korea. I would like to note for the record that I am appearing in a personal capacity, and that the views I am expressing are my own.

I have two principal points:

- First, while undeniably provocative, the military threat posed by North Korean missiles depends far less on the missiles themselves than on whether they are armed with nuclear weapons. Put differently, the central security issue is and remains the North Korean nuclear program, and we should not allow their missile launches to divert or dilute our attention from that central issue. Our responses, including our military responses, to this North Korean provocation should be guided accordingly.

- Second, the North Korean missile launches have produced effects that paradoxically have been largely positive from the perspective of United States security and diplomatic objectives. The challenge we face is to seize and exploit the opportunity that the North Koreans have unintentionally created.

Let me explain how and why I have reached these conclusions.

As with almost everything that North Korea does, its motives for launching multiple missiles on July 4 are, at best, unclear. The military results have been mixed. Although the North Koreans may have acquired useful data from the apparent failure of Taipodong 2, the missile's destruction shortly into its flight must have been embarrassing to Pyongyang, and will do nothing to increase the confidence of North Korea's would-be missile customers in the product that Pyongyang is marketing. That said, the North Koreans did demonstrate a capability to do multiple launches in a relatively short period of time. In doing so, they also underscored their ability to threaten Japan and South Korea—including the United States military forces and nationals in those countries—as well as China—with ballistic missiles. But I conclude that the direct and immediate significance of the North Korean missile launches lies less in their military effects than in their political effects, both intended and unintended.

The political effects of the North Korean missile launches likewise have been mixed. If they were designed to get attention, it certainly worked, but almost surely in a way that was unintended and unsought by Pyongyang. (As a corollary, I would note that we should be careful neither to give too much credit to Pyongyang's ability to play a weak hand, nor be too sanguine about its ability to avoid serious miscalculations.) Indeed, it is hard to avoid the conclusion that whatever the North Korean plan may have been, it has backfired on them and has produced results that serve our interests.

North Korea's open defiance of widespread calls not to launch the missiles produced near-universal condemnation by the international community, and left it even more isolated diplomatically. China and South Korea have been particularly embarrassed. As a result, they probably are less inclined and—in terms of their own politics—probably less able to provide the support and economic assistance to Pyongyang that, intentionally or not, have facilitated North Korea's stonewalling. Closely related, the North Korean missile launches have had a commendable unifying effect on our negotiating partners in the Six Party Talks by narrowing differences between the United States and Japan on the one hand, and China and South Korea on the other, and by highlighting that it is North Korea, not the United States, that is the problem and obstacle.

Saturday's U.N. Security Council resolution on North Korea was a critical test of this renewed unity of purpose. A Chinese veto of the Japanese resolution, and/or a United States veto of the Chinese-Russian resolution would have been a huge self-inflicted wound. Conversely, the fact that key members of the Six Party Talks were able to come together to pass unanimously a tough, binding resolution not only underscored Pyongyang's intensified isolation, but also demonstrated that they could and would submerge their differences over priorities and tactics to stay focused on the North Korean threat.

Make no mistake: This renewed unity of purpose is quite fragile. Moreover, it could well be tested again—and in the near future. If the North Koreans follow through on their threat to conduct more missile launches, the U.N. Security Council will have no choice but to confront the issue of how—and how forcefully—to respond. In that event, the differences that were papered over and compromised in the July 15 resolution will reemerge. Another test will be how U.N. member states now proceed to implement the resolution. If the United States and/or Japan implements it in a way that China, South Korea, and perhaps Russia regard as overly aggressive and expansive—amounting to broad-gauged, regime-threatening economic sanctions by another name—then the unity that was forged on Saturday could well erode and potentially vaporize.

In some ways, the most important result of the missile launches has been not only to move the North Korea issue off the back burner where it has been pushed by other priorities and back onto the radars of senior policy makers, but to have done so in a way that also has fueled a broad-based and broadly negative international perception of North Korea and its irresponsible behavior. The challenge for U.S. policy is how best to capitalize on the opportunity that has been presented.

I know that everyone on the committee appreciates not only the importance but also the urgency of the threat presented by the North Korean nuclear issue, and I do not propose to replot that ground. I also share the skepticism—even the deep skepticism—that many have about whether there exists any plausible set of security, economic, and political inducements that would persuade the North Koreans to abandon their nuclear weapons ambitions.

That said, it is hard not to be struck by the fact that while we insist that Pyongyang needs to make a strategic choice between nuclear weapons and becoming a prosperous and secure member of the international community, the North Koreans currently face few, if any, incentives to make that very hard choice, and confront few, if any penalties, for their failure to do so. Instead, they continue to have it both ways: Continuing to produce material for nuclear weapons while, at the same time, continuing to receive economic assistance and investment, particularly from South Korea and China. Their missile launches and the ensuing international response create a new and potentially promising opportunity at least to make North Korea choose—and make clear—the path it will take.

The outlines of what is required to exploit this opportunity are familiar. On the one hand, North Korea needs to be persuaded that it will pay a steadily increasing price for its continuing defiance. The public embarrassment that Pyongyang has caused Beijing and Seoul increases the chances that they will now be more willing to make clear to North Korea that its continued stonewalling will not be cost-free, while the July 15 U.N. Security Council resolution provides the international authority for them to do so.

On the other hand, the United States not only needs to persuade North Korea that we are serious about our commitment to a diplomatic solution, and about delivering on our promises of security assurances and economic benefits. In some ways more important, we also need to persuade our negotiating partners about our own good faith so that they will use their leverage on Pyongyang to get it to return to the talks and negotiate seriously.

To outline these conditions is to make the current Perm 5 + Germany approach on Iran an almost irresistible metaphor, and perhaps even a model, for a strategy toward North Korea, including with respect to some specifics, e.g., an analogous approach on the issue of civil nuclear power.

How, then, should the United States proceed? I believe there are two primary and closely related tasks. First, we need to seize the moment and the initiative. Second, and equally important, we need to work hard to maintain the current unity of purpose about North Korea that has emerged. This means making clear that, as in the case of Iran, we will be prepared to respond to North Korea's legitimate concerns provided our partners are prepared to join with us in taking tougher measures if North Korea continues to pursue its nuclear weapons ambitions. It also means working to remove obstacles to a resumption of the Six Party Talks or, more precisely, North Korean excuses for refusing to return to the talks.

In this connection, let me note that the issue of direct United States-North Korean talks is—or at least ought to be—a red herring, and we should take it off the table in order both to deny the North Koreans the excuse and to ensure that it is not a point of friction among the five. A clear reiteration and an appropriately flexible interpretation of the current United States position that it is prepared to engage with North Korea bilaterally in the context of the Six Party Talks should be sufficient.

The Treasury Department's investigation of money laundering by the Banco Delta Asia in Macau is a more difficult problem. Some may wish that the United States had not decided to move against the Macau bank, but we have. And having done so, there are legitimate law enforcement concerns that now need to be addressed, if only because it is hard to argue that the United States should and will turn a blind eye to money laundering and other serious currency violations in exchange for a North Korean agreement to return to the Six Party Talks. However, the United States should pursue the matter as a tightly focused investigation, and one that is completed as expeditiously as possible, so as to rebut accusations by Pyongyang—and to assuage concerns among our Six Party partners—that these are de facto economic sanctions against North Korea that will remain in place indefinitely.

Let me close by again expressing my appreciation for the opportunity to present my views to the committee.

Thank you.

The CHAIRMAN. Well, thank you very much, Dr. Kanter.
We would like to hear now from Ambassador Abramowitz.

**STATEMENT OF HON. MORTON ABRAMOWITZ, SENIOR
FELLOW, THE CENTURY FOUNDATION, WASHINGTON, DC**

Ambassador ABRAMOWITZ. Thank you, Mr. Chairman, for inviting me to discuss our North Korean problem with you today. I have tried to step back, tried to shut out some of the rhetoric, and focus

my remarks on whether there is a diplomatic approach that could achieve a principal American foreign policy objective, the verifiable elimination of North Korea's nuclear weapons capabilities. I personally doubt it, but I have tried to see whether there is such an approach.

In light of time constraints, I am going to avoid speculations on what has happened and proceed to my specific suggestion, which is quite parallel to Dr. Kanter's.

While the six power forum is still a potentially useful forum, there has been a lack of negotiating content in the Six Party forum, in great part because of our profound strategic differences in approach to North Korea with two countries who have great stakes in this issue: China, North Korea's best friend, and South Korea, our treaty ally.

China has not proven to be the *deus ex machina* who would bring North Korea around by persuasion or economic pressures to resolve the nuclear issue, as many predicted when the Six Party Talks began. China has many common interests with the United States on the Korean Peninsula, but it has also many other interests at play in North Korea, and it has simply not been willing to subordinate those to United States purposes.

The same has been true in spades of South Korea. This differing view with China and South Korea on how to manage North Korea has allowed Pyongyang to escape the consequences of bad behavior and has made a negotiation with Pyongyang difficult, if not impossible.

More specifically, both countries do not want North Korea to have nuclear weapons. That is clear. But they do not share the American sense of its primacy as an issue.

Second, they do not want to join in bringing concerted pressures to bear on the North, fearing it would create serious tensions and potentially affect the peace, stability, and economy of the peninsula.

Third, while we freeze Pyongyang out except for some humanitarian assistance, they provide sizable economic assistance, effectively undermining any bargaining position.

Fourth, they believe that we have been insufficiently forthcoming in our negotiating proposals to the North.

Finally, they want us to talk to the North in any forum, bilateral, multilateral, and they of course do so themselves.

These differences have been mostly papered over by constant to-ing and fro-ings and the usual diplomatic rhetoric. The missile tests, however, have clearly had an impact on both countries and throughout the region. China is embarrassed by North Korean behavior and angry at its refusal to listen to their entreaties. It also fears that North Korean action will have damaging regional implications, notably causing Japan to reassess its defense requirements.

China, surprisingly, even supported a U.N. Security Council resolution censuring North Korea, although Beijing has refused to adopt punitive measures at this time.

In South Korea there is ferment. The government's soft approach to North Korea has been increasingly publicly questioned and

Seoul, also surprisingly, has suspended some assistance pending North Korea's return to the Six Party Talks.

North Korea is unhappy with its isolation and is sputtering badly. It could well isolate itself further by cutting off projects with South Korea in an effort to scare Seoul into becoming more accommodating.

These changing perspectives may open—I say may open—greater opportunities for diplomacy that could bring closer together the postures of the United States, China, and South Korea toward North Korea, which is an indispensable requirement for any serious negotiations with North Korea. The first part of this diplomatic effort must be to try to bridge the gulf with Beijing and Seoul. We might well want to wait to see if there is any further thought from Pyongyang's isolation and its unhappiness with China and South Korea. But it is an appropriate time, although hardly the most politically appropriate time in Washington, for the United States to craft a new approach that might get real Chinese and South Korean support to seriously test the proposition that there may be some package of security assurances, political measures, and economic bait that would cause North Korea to put aside its nuclear ambitions and stop throwing missiles around.

That means going further than the statement of principles agreed to last September by the six powers and putting forth a negotiating position beyond expecting the North to accept a Libyan-like approach to eliminating their nuclear weapons. North Korea is profoundly absorbed with the United States. Obviously, the elements of a negotiating package must be worked out within the U.S. Government, which can be enormously difficult, given the reported sharp differences within the administration.

We would expect China and South Korea to make clear to Pyongyang that a fair deal has been presented. We would try to secure commitments from both countries on what they are prepared to do if North Korea spurns such a new approach. Whether their commitments would be worth anything if North Korea balked is a risk we would have to take.

Departing even further from American political reality, I believe that any new negotiating approach should be accompanied by some dramatic measure to show our willingness to negotiate not only to North Korea but to our two principal partners as well, such as an offer to begin negotiations immediately to establish diplomatic relations.

Mr. Kanter has talked about the problem of resuming negotiations. I agree with his presentation.

In summary, let me say we have no credible red lines for North Korea beyond their not attacking South Korea and Japan. Nor as far as I can tell do we have any concerted policy for dealing with North Korea as a state, besides talking to them about nuclear weapons and perhaps modifying some conduct. Every principal party to this issue is tired of the North Korean regime. They all would like it to go somehow or other. But only China and South Korea want to do something about that regime. China has been trying to turn it into a mini-market China. South Korea hopes by large-scale assistance to make them dependent and transform that regime over time. That may all be a triumph of hope over reality.

America's policy toward the North seems to be hold its nose and wait for them to implode, which is possible, or for China and South Korea to see the light and join us in putting serious pressures on North Korea. Maybe we will witness some internal cataclysm. I believe that is the way the North Korean state will end. But waiting for that to happen is not a policy, and that still leaves the nuclear issue, and we all know there is no good option for the nuclear issue. Force would be violently opposed by South Korea, which has the most to lose.

Pressure and isolation requires unity with China and South Korea. Maybe North Korean actions will stimulate our friends to further action. But U.N. resolutions guarantee nothing.

That leaves diplomacy and whether we want to try to seriously pursue it. We should not forget that North Korea is not an 800-pound gorilla. Far from it, it is a failed state that is dependent very much on foreign handouts, which will one day be on the trash can of history. But before that happens, it can cause us great harm, and the United States should not be afraid of dealing directly with Pyongyang on this issue.

Moreover, if we were to decide to try tougher measures and even force, it makes good sense to put ourselves in the best international position to do it by having gone the extra mile diplomatically.

Thank you, Mr. Chairman.

[The prepared statement of Ambassador Abramowitz follows:]

PREPARED STATEMENT OF HON. MORTON ABRAMOWITZ, SENIOR FELLOW, THE CENTURY FOUNDATION, WASHINGTON, DC

Thank you for inviting me to discuss our North Korean problem with you today. I will focus my remarks on whether there is a diplomatic approach that could achieve a principal American foreign policy objective: The verifiable elimination of North Korea's nuclear weapons capabilities.

First, some unverifiable observations:

- I believe there is little possibility of reaching an agreement to eliminate North Korea's nuclear weapons capability that would satisfy both the United States and North Korea, if only because of the difficulties of verifying North Korea's compliance. It is also hard to have much confidence in their honoring any agreement.
- North Korea may have badly miscalculated the reactions of China and South Korea to their missile tests on July 4 and 5, but I conclude at this point, given the international political risks to them for such actions, that Pyongyang has probably given up on the Bush administration as a negotiating partner and considers it an unrelenting enemy. Senior leaders believe they must have a serious nuclear delivery capability to give them greater deterrence and a more powerful negotiating position. They will wait for another American administration 2 years down the pike. This does not preclude their returning to the Six Party Talks.
- Some North Korea watchers suspect they may carry out a nuclear weapon test so that any new administration will face an unambiguous nuclear weapons capability. The latter is highly conjectural. We are ignorant of the state of their weapons and of the highest level political debates in Pyongyang. China, their most important patron, would be strongly opposed to any nuclear weapons test; although we do not know what China's red line is on North Korea's nuclear weapons. We also may well be witnessing some deterioration in their public relations. In some quarters the missile firings are seen as also a message to China.

This reading of North Korea may be wrong. However, we cannot determine their willingness to negotiate a deal to eliminate their nuclear weapons capabilities by intelligence analysis or intuition or exhortation. It will have to be done—if at all—by diplomatic exploration.

The American generated Six Party initiative to negotiate the elimination of North Korea's nuclear weapons has been useful in bringing together the major powers of

East Asia for the first time to talk collectively about a major security issue in the area. It has generated some sense of purpose at least among the five. But after 3 years, the talks have produced one joint statement of principles; a useful document, but only a first step.

There has been a lack of negotiating content in the Six Party forum, in great part because of our profound strategic difference in approach to North Korea with two countries who have great stakes in this issue—China, North Korea's "best friend," and South Korea, our treaty ally. China has not proven to be the *deus ex machina* who would bring North Korea around by persuasion or economic pressures to resolve the nuclear issue as many predicted when the Six Party Talks began. China has many common interests with the United States on the Korean peninsula, but it also has many other interests at play in North Korea and has not been willing to subordinate those to United States' purposes. The same has been true in spades of South Korea.

The differing view with China and South Korea on how to manage North Korea has allowed Pyongyang to escape the consequences of bad behavior and has made a negotiation with Pyongyang difficult, if not impossible. More specifically:

- They do not want North Korea to have nuclear weapons but do not share the American sense of its primacy as an issue.
- They do not want to join in bringing concerted pressures to bear on the North, fearing it would create serious tensions and potentially affect the peace, stability, and economy of the peninsula.
- While we freeze Pyongyang out except for some humanitarian assistance, they provide sizable economic assistance, effectively undermining our bargaining position.
- They believe we have been insufficiently forthcoming in our negotiating proposals to the North.
- They want us to talk to the North in any forum, bilateral or multilateral, and do so themselves.

These differences have been mostly papered over by constant to-ings and fro-ings and the usual diplomatic rhetoric.

The missile tests, however, have clearly had an impact on both countries and throughout the region. China is embarrassed by North Korean behavior and angry at its refusal to listen to their entreaties. It also fears that North Korean action will have damaging regional implications for East Asia, notably causing Japan to reassess its defense requirements. China, surprisingly, even supported a U.N. Security Council resolution censuring North Korea, although Beijing has refused to adopt punitive measures at this time. In South Korea the government's "soft" approach to North Korea has been increasingly publicly questioned, and Seoul, also surprisingly, has suspended some assistance pending North Korea's return to the Six Party Talks. North Korea is unhappy with its isolation and sputtering badly. It could well isolate itself further by cutting off projects with South Korea in an effort to scare Seoul into becoming more accommodating.

These changing perspectives could open greater opportunities for a diplomacy that might bring closer together the postures of the United States, China, and South Korea toward North Korea, an indispensable requirement for any serious negotiations with North Korea.

The first part of any new American diplomatic effort must be to try to bridge the gulf with Beijing and Seoul. We might wait to see if there is any further fall-out from Pyongyang's isolation and its unhappiness with China and South Korea. But it is an appropriate time—although hardly the most politically opportune one in Washington—for the United States to craft a new approach that might get real Chinese and South Korean support to seriously test the proposition that there may be some package of security assurances, political measures, and economic bait that would cause North Korea to put aside its nuclear ambitions and stop throwing missiles around. That means going further than the statement of principles agreed to last September by the six powers and putting forth a negotiating position beyond expecting the North to accept a Libyan-like approach to eliminating their nuclear weapons. Obviously the elements of a negotiating package must be worked out within the U.S. Government, which can be enormously difficult given the reported sharp differences within the administration.

We would expect China and South Korea to make clear to Pyongyang that a fair deal has been presented. We would try to secure commitments from both countries on what they are prepared to do if North Korea spurns such a new approach. Whether their commitments would be worth anything if North Korea balked is a risk we would have to take.

Departing even further American political reality, I believe that any new negotiating approach should be accompanied by some dramatic measure to show our willingness to negotiate not only to North Korea but to our partners as well—such as a visit by Secretary Rice to Pyongyang or an offer to immediately begin negotiations to establish diplomatic relations.

There is also the problem of resuming negotiations. North Korea has insisted on bilateral negotiations. The United States insists that bilateral meetings can only continue to take place within the multilateral forum. That is a rather remarkable posture, and makes the Six Party Talks the only multilateral negotiation, that I am aware of, in which the United States insists that it alone will hold bilateral talks with one of the parties only when the multilateral meeting is on. The North Koreans would probably have accepted that, but now insist that before they go back to the Six Party Talks, the United States rescind the financial sanctions it has recently imposed to stem a variety of North Korean illicit activities. There must be an early resolution of this issue or some face-saving way found for Pyongyang to return to negotiations.

We have no credible red lines for North Korea beyond not attacking South Korea and Japan. Nor, as far as I can tell, do we have any concerted policy for dealing with North Korea as a state besides talking to them about nuclear weapons. Every principal party to the issue is tired of the North Korean regime, but China and Korea want to do something about it. China has been trying to turn it into a mini market-oriented China. South Korea hopes that by large-scale assistance to make them dependent and transform the regime over time. Maybe all that is a triumph of hope over reality. America's policy toward the North seems to be to hold its nose and wait for them to implode or for China or South Korea to see the light and join us in putting serious pressures on North Korea. Hopefully there will be some surprise internal cataclysm—not to be dismissed that washes the regime away. Waiting for that to happen is not a great basis for policy.

That still leaves the nuclear issue. And we all know there is no good option. Force would be violently opposed by South Korea which has the most at stake. Pressure and isolation requires unity with our friends. Maybe North Korean actions will stimulate our friends to further action, but U.N. resolutions guarantee nothing. That leaves diplomacy and whether we want to try to seriously pursue it. We should not forget that North Korea is not an 800-pound guerrilla. Far from it. It is a failed state dependent very much on foreign handouts, which will one day be on the trash heap of history. But before that happens it can cause great harm and the United States should not be afraid of dealing directly with Pyongyang on the nuclear issue. Moreover, if we were to decide to try tougher measures and even force, it makes good sense to put ourselves in the best international position to do it and have gone the extra mile diplomatically.

The CHAIRMAN. Well, thank you very much, Ambassador Abramowitz, for some important suggestions and some new insights in our hearing.

We will have another 10-minute round of questions, and maybe more if Senators wish to do that.

Let me just mention, historically, Dr. Kanter, I can remember questions were raised about the missiles in 1993. At least that was my recollection, because you were heavily involved in policies with North Korea and South Korea back in those days.

That seems like a long time ago, and for the Japanese it is a return to this situation, which was very serious then, and very serious for General Luck as he took a look and had, as I remember, a graphic about the percentage or some sort of scoring as to the likelihood of North Korean aggression against South Korea, with our troop emplacements very close.

So the history goes on for quite a while and we have been involved in this for a quite a while. Attempts were made in the Clinton administration, which have been mentioned today, as well as in this administration. But let me just ask, after all is said and done, as both of you have said one way or another, China and South Korea have developed and maintain very different agendas with regard not only to the North, but with regard to the rest of

the world. The political leadership really in South Korea has changed a great deal, with the under-35 group or others coming into it. A recent poll that the committee saw of South Koreans under the age of 24, China was perceived as by far the best friend of South Korea, and we were in a tie, that is the United States, with North Korea in terms of the regard of young people, young voters in South Korea.

Now, that is quite a change from older people who feel they might have been rescued by the United States at some point. It is a very different perspective of history. How the politics of this is going to play out in South Korea is very, very, difficult, it seems to me, for anybody to fathom.

The complexity of the Chinese relationship I think both of you have indicated. The nuclear issue is important. All things considered, China would prefer that North Korea got over the idea of developing these weapons, but for the Japanese, as I termed it earlier, it is sort of an existential event. The North Koreans have the range and it is a question whether they can hone and machine nuclear capacity into a nose cone and create extraordinary damage.

Now, the United States shares this likewise. You can make a case that the tests were of intense interest to Japan and certainly of great interest to us. Do they in fact have the range? The Rumsfeld Commission a while back thought that they might. They were really on the threshold of all of this.

You ask, well, if they have that much range why are not the Chinese and the South Koreans or even the Russians that concerned about it? Well, why indeed? But in fact there are other objectives here.

Now, is it reasonable to anticipate, as we have with the Six Party Talks, that even if these recent shots have created more consternation among all the allies—and, as you have said, Dr. Kanter, may have created an opportunity here, sort of pushed everybody much closer together—is it not a fact that the agendas of these parties are still so varied and so far apart that your second conclusion, that this unity might be fragile, is the more likely conclusion of what is going to occur?

In other words, from your experience of all of this, what is there in this that might lead to some degree of unity among all the parties, and I finally include the United States? Mention has been made, without our going into it a great deal, of debate within our own administration as to whether regime change, use of force, other items, are really what we ought to be about, sterner stuff, as opposed to endless negotiations, waiting around for months at a time for somebody to come to the table.

You may or may not have been parties to these conversations, but we had Ambassador Hill today at least giving a pretty unified front, that everybody seems to be on board, and I think we all pray that is so.

Comment, if you will, on any of these musings.

Ambassador KANTER. Yes, Mr. Chairman. First on the question about whether this new-found unity will be sustainable over time, as I did indicate, I think it is fragile. But I think it is—depending upon what the parties now do, the chances are better that the

unity of purpose can be preserved and pursued or, alternatively, depending upon what the parties do, it could just fly apart.

I do not think that South Korea and China have different agendas with respect to North Korea compared to us. It is rather that they have different priorities among the same set of objectives than we do and different risk tolerances, because they could imagine really bad things happening to them if, in their view, too much pressure is applied on North Korea, and from our point of view either those bad things will not happen, are not as likely to happen to us, they will not be as bad, or we believe they are not as likely to happen.

So it is a matter of kind of differing risk assessments and different priorities.

What I think the missile launches have done and the U.N. resolution has done is the following. I think it has made it more likely, far from a certainty, that Seoul and Beijing will now contemplate, to be blunt, putting some pressure on North Korea. Not publicly, not overtly, not loudly—quietly, indirectly, denying that it is pressure. We all remember the interruption of fuel supplies for 3 days a few years ago from China that was attributed to technical problems in the pipeline. I would take that again in a minute.

Given the position that Pyongyang has put Seoul and Beijing internationally and I would say also to some extent domestically, I think that there is the possibility that they will be more willing to behave this way now, in a low-key manner, but hopefully effective.

It can fly apart, however. This unity of purpose can fly apart either if I am wrong and Seoul and Beijing essentially continue their current view that what we need is more time and more patience and pressure is counterproductive. If they continue that view as though nothing has happened, then the opportunity will be squandered.

Conversely, if other member states rush to implement the U.N. resolution in a very robust way, giving Seoul and Beijing no time to reconsider and maybe begin to move quietly behind the scenes, that too will squander the moment. So I think what we need to hope for is that Seoul and Beijing will recalibrate their strategy and that the rest of us will give them enough time for that to happen.

The CHAIRMAN. Let me just follow up with one thought because you have touched upon the Macao bank situation. Once again, within our own administration this may have been coordinated: State, Defense, NSC, and Treasury in this particular case. The North Koreans have complained about the transactions that they have being disrupted. Now, as I understand it, the Treasury's objective—and maybe this is generally true of the administration—was to stop counterfeiting and the passage of illicit moneys, perhaps from weapons sales or from whatever else. But nevertheless, it seems to have been effective, at least in Macao. Some have suggested why not try it elsewhere? In other words, if this seems to get the attention of the North Koreans, it certainly is better than armed conflict and striking the missiles on the runway before they go off, or something of this sort.

Now, you have mentioned, however, that one problem with this may be once again in our relations with the Chinese and the South Koreans, that we have just been calibrating, that somehow or other that may disrupt the major game, the Six Party Talks and their effectiveness, the unity of purpose here.

Elaborate a little bit more on your analysis of Macao and/or the spread of what might be considered a type of banking or transaction sanctions that, given the general poverty of the North Korean state, its lack of revenues from abroad and so forth, the importance of its sales and recouping the gains, why this is not a good thing to sort of continue, to keep the attention of the North Koreans centered on the problem?

Ambassador KANTER. First with respect to the Macao bank, however we got to where we are on that matter, we are there now and it is essentially a matter of law enforcement. I do not think the United States can put itself in the position of suggesting we will turn a blind eye to violations of law in order to lure the North Koreans back to Six Party Talks. That is just not a tenable position. So I think we need to see this investigation through.

Having said that, I agree that we have gotten the North Koreans' attention, but I am not sure that we have done so in a productive way. But much more to the point, as I indicated, one of our key objectives now is to maintain this unity of purpose, and the actions against the Macao bank have had exactly the opposite effect.

As Ambassador Hill said earlier this morning, I do not believe that there is anything the United States can do itself, can do unilaterally, to bring enough pressure on North Korea to really change its strategic calculus. If we found ourselves in a situation—and the U.N. resolution, I should say, gives ample room for this—whereby the other members of the Six Party Talks, all of whom of course are member states of the U.N., joined together in a cooperative effort, that would be a quite different proposition.

But a unilateral expansion of these financial investigations and sanctions I think is unlikely to have the desired effect on North Korea and is likely to be counterproductive with respect to our objective of trying to enlist the other members of the Six Party Talks together with us on our diplomatic approach.

The CHAIRMAN. Ambassador Abramowitz, you have suggested that it may be a time for what you characterize as a new approach, something well beyond the principles that were established in negotiations last September that Ambassador Hill mentioned earlier today. Many, at least in the press, have suggested, often starting with economic benefits to the country—it is a poor country. Obviously, we have talked today about the sustenance that comes from China, to some extent from the South Koreans, in terms of food and nutrition, basic energy to keep people alive.

But the thought of some, is that well beyond a sustenance level, we try to think about normalization, a country that might begin to engage in trade, maybe in tourism, people coming and going, this sort of thing. Whether or not the North Korean Government permits this sort of thing or that type of regime they have now is sort of hard to tell.

But can you give some outline, just some spurt of the imagination of others that might be thinking of a new program of this sort?

Ambassador ABRAMOWITZ. Well, I think, going back to your previous question and relating it to what you just asked, I think what we do over the next 3 or 4 months will be critical to determining the type of reaction we get from China and South Korea. I think it is important in the first instance to show that there is a potential for serious negotiations. After the principles were issued, the United States, presumably because of problems in Washington, issued its own unilateral statement, in effect saying: You have to clean up your nuclear act and all associated activities before in effect anything else comes into play.

I do not think North Korea can accept that sort of policy. So there have been always two issues in this negotiation which have not really been discussed. The first is who goes first, who goes second, what do they do, what are the acts. That is still way up in the air. I have no idea what the U.S. Government position is on that.

The second is verification, and verification can be used in all sorts of ways, whether to try to get an agreement or try to sink an agreement, and I do not know where the U.S. Government is on that.

I believe to try to bring the position of the United States, South Korea, and China together, we will have to over time develop a position that offers something concrete to the North Koreans, whether they accept it or not. I do not know whether we can develop that position.

We have been going on saying we have got these great principles, they have agreed to denuclearize, but nothing more has happened. So the question is why has nothing more happened. We have got to ask ourselves that.

In that regard, let me make an observation about the United States. We seem to act as if what we say today is what is important and what we said for the last 4 years does not count. We wonder why do you fellows remember this? First of all, the administration broke with the Clinton policy. It broke with the policy of engagement. That was the policy of the Clinton administration, rightly or wrongly. It called North Korea a rogue state. It declared it was an evil country. Part of the axis of evil, it said we should get rid of it: regime change. We invaded another country which was part of that axis of evil.

So now we expect North Korea to say: Oh, wonderful, you are a friendly country. I think we have to recognize that—I am not making a case for North Korea; obviously it is a terrible state—I am making a case for how do we get to an agreement, and I believe our rhetoric in the past has been very detrimental, first with our allies and second in getting North Korea to a serious negotiation. Whether they will do so or not I do not know.

Sorry for the lecture.

The CHAIRMAN. Well, it is an important recitation of history.

I would say that we appreciate very much Ambassador Hill coming before the committee in public session to try to give an idea of our position. As you say, one could historically trace our position back through several permutations—the axis of evil, the three countries, the regime change, and so forth.

In my earlier question I raised this issue of regime change, are we on that track? Not necessarily, apparently. The thought has been that maybe that regime will atrophy and decay or maybe military powers inside the regime will rumble around. This is given some credence from time to time, that the great leader is not all by himself there, that he has some constituents to satisfy, albeit at very high levels.

But having said all of that, for the moment the administration's point of view is that we are going to insist upon the Six Party Talks. However, as Ambassador Hill says, he talks all the time to North Koreans, but within context, not behind the backs of anybody. Now, from time to time the Chinese and the South Koreans, as I listen to them, say: We do not care if you talk behind our backs; we as a matter of fact think you ought to be talking all the time to everybody. Maybe something will break in the process. Maybe we are not quite so rigorous about the desire for Six Parties and so forth.

On the other hand, from our standpoint we do not want to be undermined if we come to some agreement with the North Koreans and suddenly the South Koreans and the Chinese think that is a bad idea and they are really not going to help us enforce that, particularly when it comes to verification. As you just mentioned, it is a very serious objective. Ambassador Hill, as you heard today, rejected the thought of a freeze. We have been there before and that can be violated and so forth.

Now, we get back then to what we have been skirting around all day: Well, what if the United States said we are just simply tired of this, there are certain places here and we can bomb them or we can destroy them, and the South Koreans, as you all pointed out, say, well now, hold on. You already have troops in South Korea, so you are going to be vulnerable; but we are going to be vulnerable in a very big way. This becomes really monumental for us. Regardless of what happens with the Chinese, the South Korean reaction is very, very strong on this, and we have to be thoughtful about that. Even as we are concerned about our agenda, the decimation of another country, particularly an ally with whom we have treaties, has to be very important, quite apart from what might happen to the Japanese. The North Koreans have already demonstrated the possibilities there.

So we keep circling around between rocks and hard places. For the moment, it would appear to be we are back to insisting on the Six Party Talks. As Dr. Kanter said, probably we cannot recant whatever is occurring in Macao because we are talking about law enforcement there. Some have even suggested that this is a milder way of handling the sanctions problem, of putting some pressures. We already have the PSI program and the attempt to cut off nuclear shipments by North Korea and the attempt to hold that down to a dull roar and deprive North Korea of some income from these acts of mischief, as we see them.

But I think we are all probing with each other today as to what would be in a package that is even slightly attractive, that begins to get movement here, because absent that it would appear that we will all need a lot of patience, that we are there for quite a while sitting around the Six Powers.

Dr. Kanter, do you have a good thought?

Ambassador KANTER. As Ambassador Hill said, the clock is ticking. The problem we have is that this is not an issue that gets better with time. In fact, it is an issue that only gets worse with time.

The CHAIRMAN. Why do you say that? Why would it get worse?

Ambassador KANTER. If for no other reason than that North Korea continues to produce plutonium for nuclear weapons while nothing else happens, and so they will have more plutonium tomorrow than they have today, they have more today than they had yesterday.

Whatever the uncertainty about how many nuclear weapons North Korea has, there is far less uncertainty about the material they have for nuclear weapons and the accumulation of that material. So as time goes on and not much time goes on, we face the prospect of not only a nuclear-armed North Korea, but a North Korea that is an exporter of nuclear weapons. And given their list of customers for the other stuff they sell, that is a very chilling prospect indeed.

So I do not think that that—it seems to me that there is no way for any neglect of this issue to be benign.

Now, in terms of what can we do, I think Ambassador Abramowitz put his finger on something that is probably worthy of some exploration. We have the statement of principles, but then we have rather divergent views on how these principles are implemented and, perhaps most important, divergent views about the sequence in which things happen.

The CHAIRMAN. In other words, the follow-up statement by others in our government after Ambassador Hill.

Ambassador KANTER. Right.

The CHAIRMAN. And of course, I would just state for the record, other countries then around the table also came forward with their interpretations.

Ambassador KANTER. As was inevitable.

The CHAIRMAN. Yes.

Ambassador KANTER. I would think that it would be useful, if it has not already been done, for the United States to have at least internally a view of how they see the process unfolding, not only most desired but some alternatives that are more or less acceptable, and which things are unacceptable. So that if and when the Six Party Talks are resumed, we will have done our homework.

I do not see—I personally do not see any realistic prospect of an outcome whereby the North Koreans do everything before anyone else does anything. That is, I think there is going to have to be some sequencing and some phasing. The formula that some members of the Six Party Talks have used to capture this idea is: “Word for word, action for action.” But it gets the idea of tit for tat in a positive sense. It seems to me that is a concept that we need to, we the United States, need to engage, if only for internal planning purposes in anticipation of a resumption of talks.

If there is such a process, it seems to me sort of a physical inevitability that North Korea would have to freeze before it dismantles its nuclear weapons programs. Just sort of the logic of a process means that there will be a point at which there will be a freeze. And if there is some sort of step-by-step reciprocity to get to this

point, we will find ourselves in a situation in which, at that moment at least, there has been a freeze in exchange for some consideration from the other parties.

The trick will be to ensure that that is not the end of the process and indeed that that process is reversible if it looks as though from a North Korean perspective that is the end, because that would be unacceptable.

But just as I think that we can make too much of the issue of direct talks and somehow get diverted from a substantive problem to a symbolic issue, I believe we can make too much of the concept of a freeze and get diverted from hard thinking about how we get from where we are to where we want to be.

The CHAIRMAN. Let us say we obtained a freeze and the six powers or the other five powers came forward with an idea, not unlike our cooperative threat reduction program with Russia, that we buy the fissile material, that we have a buyout of all of this and you sort of take it off the table. Plutonium is not as useful as uranium perhaps for other nuclear industries around the world, so that the resale value of the plutonium may be somewhat less.

But is there any potential with the North Koreans for a buyout of their program?

Ambassador KANTER. One answer I think is we will not know until we try. It seems to me any such arrangement, however, not only would require one to hold one's nose very, very hard, but it would have to be accompanied by real confidence that the plutonium that was being bought is all the plutonium that there is, and—

The CHAIRMAN. Not production going on.

Ambassador KANTER [continuing]. And that there is not new plutonium being produced, so there is this sort of unending stream, because at the end of the day this would not be a commercial transaction; it would be a rather distasteful buyout.

Finally, it would be incomplete because, however and however successfully one deals with the plutonium program, that still leaves the uranium program.

The CHAIRMAN. I think you put your finger on it. You hold your nose, and with some it would be more than that. They would say: There you go again, rewarding all the perfidy of the North Korean state.

But we keep going around and around this point, and that is, leaving aside the buyout idea, even if we talked about trade or investment or some way of changing the lives of the North Koreans and so forth, some would say this is what comes if you violate agreements. If in fact you play it the wrong way long enough, why, you make it more and more expensive and you do better at the end of it. We have got to have lessons here with regard to world-type strategy, and one of them is not that there is a reward for this.

So you keep getting back again to who goes first and who gets rewarded and the nature of the package and so forth. It is hard to evade the thought that some will accuse whoever is making such a proposal of rewarding bad behavior.

Ambassador KANTER. There are virtually certain to be those accusations. But at the end of the day we have to choose among the

alternatives that are available rather than the world we wish we were in.

The CHAIRMAN. As opposed to war or the loss of several hundred thousand South Koreans or various other grim alternatives.

Ambassador KANTER. Yes, sir.

The CHAIRMAN. Ambassador Abramowitz.

Ambassador ABRAMOWITZ. Dr. Kanter has very, very well expanded what needs to be done. I would just like to make an observation, which may be unfounded. It is sort of like an intelligence analysis of our Government, not the North Korean Government. Getting them to put down a detailed negotiating package is an existential moment in this government, and I do not know whether they will be able to do it. I simply do not know whether they will be able to do it.

But I would urge you, if you feel so inclined, to do what you can to force the government to explain to this committee their thinking in detail, because without that sort of package we are just spewing forth rhetoric. We have to move beyond the rhetoric, and I do not see that happening. I believe to the extent that this body is willing to see whether there can be any progress along these lines, I think it is important to make the American Government put down what is in a negotiating package which is more than: You commit suicide and then we will talk.

The CHAIRMAN. Well, I appreciate the counsel. I would maybe use different words, such as "we would encourage" or "advise," as opposed to having any ostentatious coercive ability with regard to all the elements of our administration. But clearly one of the purposes of our hearing today and our engaging the two of you and our negotiator, Chris Hill, in this conversation is to try to bring, from more than isolated press accounts or persons making comments, some concerted focus. I think our hearing has achieved that, and it will not be the last in the series, whether it is behind closed doors or in front of closed doors, because this is a very, very huge problem facing the United States of America. I think all of our citizens understand that and they really want public officials to be wrestling with this and coming to the sort of conclusions, existential or not, so that we do make progress.

Well, I thank both of you for assisting that process and we look forward to seeing you again many more times.

Ambassador ABRAMOWITZ. Thank you.

Ambassador KANTER. Thank you.

The CHAIRMAN. The hearing is adjourned.

[Whereupon, at 12:32 p.m., the committee was adjourned.]

ADDITIONAL QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD BY SENATOR JOSEPH BIDEN

RESPONSES OF HON. CHRISTOPHER R. HILL

Question. The U.N. Security Council unanimously approved Resolution 1695 condemning North Korea's missile tests, urging North Korea to return to the Six Party Talks, and calling on all member states to curtail cooperation with North Korea's missile development programs. What are the next steps needed to get the Six Party Talks back on track? Will you call a meeting of the "five"—the United States, China, South Korea, Japan, and Russia—to consider how to get North Korea back to the table?

Answer. UNSCR 1695 “strongly urges” the DPRK to return immediately to the Six Party Talks without preconditions and expresses the support of the UNSC for that negotiating forum. The United States has repeatedly expressed commitment to the talks and our intent to fully implement the September 19, 2005 Joint Statement. We continue to consult with our partners in the Six Party process and in the region on ways to move forward. In Kuala Lumpur, ministers of all Six Party participating countries were invited to attend a Six Party meeting without preconditions, but unfortunately, the North Koreans chose to decline the invitation. Instead, on July 28, the other five parties met together with Canada, Australia, Malaysia, Indonesia, and New Zealand. The United States and its partners remain ready to attend a Six Party session, but there is no immediate plan for a meeting. Nor has China, as host of the Six Party Talks, announced plans to reconvene the fifth round.

Question. Everyone knows that even if North Korea abandons its pursuit of nuclear weapons, we will still have many serious differences with the Government of North Korea. Some believe we must resolve those differences before normalizing relations. Others believe we should follow a step by step approach, normalizing diplomatic relations early and then working to address issues such as human rights, regional security, and trade, much as we did with China.

a) What is the administration’s position on normalization of relations? What are our conditions?

b) All of our European allies except France have established diplomatic relations with North Korea. Are they wrong to do so?

Answer. The September 19, 2005 Joint Statement of Principles provides a path toward normalization of relations between the United States and the DPRK, and between the DPRK and Japan. According to the Joint Statement, normalization of relations will be “subject to . . . respective bilateral policies.” The United States has made clear, both publicly and privately, that any normalization process would include discussion of matters of concern to the United States, such as the human rights situation in North Korea.

The United States and Japanese commitments in the Joint Statement to take steps to normalize relations with the DPRK, subject to bilateral policies, and indeed the various other commitments of the United States and its partners expressed in the Joint Statement, were made in the context of the DPRK’s commitment to abandon all nuclear weapons and existing nuclear programs and to return, at an early date, to the NPT and IAEA safeguards. The United States cannot fulfill its commitments until the DPRK returns to the negotiating table and makes a serious effort to implement the aspects of the Joint Statement related to denuclearization.

We are aware that many European Union countries have diplomatic relations with, and embassies in, North Korea. Sweden, which has an embassy in Pyongyang, serves as Protecting Power for the United States in North Korea. The United States neither encourages nor discourages countries to establish or break diplomatic relations with other countries.

Question. South Korea, China, Russia, and Japan have all held summit meetings with North Korea. All talk directly to North Korea in order to advance the Six Party Talks. All have asked us to talk directly to the North. Only the United States refuses to talk directly with North Korea. Our objection to bilateral talks seems to be based mostly on the fact that North Korea wants direct dialog. Why does the administration continue to oppose direct dialog? Must direct dialog undermine the Six Party process, or could it complement those talks, as all of our allies suggest?

Answer. As I said in my July 20 testimony, the United States is prepared to have a direct, formal diplomatic dialog in the context of the Six Party Talks. But the United States is not prepared to improve our relations with North Korea or to have direct dialog while Pyongyang is boycotting the Six Party Talks. The United States continues to believe that the best means of resolving the North Korean nuclear issue is through the multilateral, Six Party process.

Question. In July, 2002, North Korea launched limited market-based economic reforms.

a) What is your assessment of these reforms?

b) Do you think the United States should encourage or discourage the North from pursuing economic reforms?

c) In the long term, do you believe economic reforms and opening will bolster, or undermine, the authority of Kim Jong-Il?

Answer. North Korea began to undertake limited economic reforms in July 2002; these included measures in areas such as farm reform, monetary and fiscal policy (a currency devaluation was undertaken), and wage and price adjustments. In addi-

tion to these specific reforms, the DPRK has established Special Economic Zones (SEZs) along its northwestern border with Russia at Rajin-Seonbong (established in 1991) and on the DPRK-PRC border at Sinuiju City (established in 2002). North Korea announced Sinuiju as an "international financial, trade, commercial, industrial" zone, operating free of central government interference for a period of 50 years. The Kaesong Industrial Complex (KIC) near the border with South Korea is also a special economic project. NGO and other reporting suggests fledgling market activity inside North Korea, although actions by the regime to reassert the role of the government's public distribution system (PDS) periodically inhibit the development of the market.

Periodically, the DPRK expresses a desire to become more attractive to foreign direct investment (FDI). But much more progress on economic reforms will be necessary to create favorable conditions for a significant increase in FDI. The DPRK has sent delegations to Eastern Europe, Switzerland, and Singapore to study alternative economic development and market strategies. In January 2006, Kim Jong-Il visited industrial cities in China's southern provinces, possibly to study the results of economic reforms that were first tried in China's own SEZs near Hong Kong in the 1970s and 1980s. DPRK officials appear to be greatly impressed with China's ability to carry out economic reforms while retaining "socialism with Chinese characteristics." But the organizing principle of the DPRK state remains hereditary central control and a "military first" policy as a priority. This means that any economic reforms undertaken by the DPRK presumably have been deemed advisable by Kim Jong-Il, according to his own political calculus, under which regime survival seems to be the paramount goal. Kim Jong-Il appears very reluctant to open his system effectively as would be necessary to encourage widespread private sector activity and create an environment conducive to substantial foreign investment.

The United States view is that the interests and welfare of the North Korean people could benefit dramatically if Pyongyang embarked on broad market-oriented reforms such as we have seen in China and Vietnam.

Question. When President Bush came into office, North Korea reportedly had enough plutonium to produce one or two nuclear weapons. Over the past 4½ years, North Korea has reportedly expanded its stockpile of fissile material by at least 400 percent. Moreover, its Yongbyon reactor produces spent fuel from which the North can extract plutonium, and it reportedly has a clandestine program to produce highly enriched uranium.

a) Please tell the American people what is the current unclassified estimate of how many nuclear weapons North Korea may possess? Do you agree with the recent estimate by the International Institute of Strategic Studies that North Korea may have enough plutonium to manufacture a dozen nuclear bombs?

b) Can North Korea mount a nuclear warhead on one of its ballistic missiles?

c) What is the status of North Korea's unfinished 50 megawatt and 200 megawatt nuclear reactors? Has North Korea begun to work on these reactors?

d) What is the current unclassified estimate about the status of the North's efforts to produce highly enriched uranium?

Answer. This question asks about specific intelligence estimates and is best referred directly to the intelligence community for response.

Question. What is the Department's view of the North Korea Nonproliferation Act?

Answer. The administration considers the Iran-Syria Nonproliferation Act an important tool in our efforts to stem proliferation. We are still formulating a position on this specific legislation, and I will notify you as soon as we have a definitive interagency position. However, we clearly support the goal of the draft bill—halting North Korean proliferation. Indeed, the administration now is looking at a broad range of additional specific measures, including sanctions and other economic pressure to deal with DPRK weapons, missiles and proliferation programs, and we'll need to see how the legislation would mesh with the package we will move forward. But I certainly support the goal of identifying and penalizing those that trade in proliferation-sensitive material to North Korea. We have in place and under consideration a number of additional USG measures directed at achieving that result.

We understand that the bill, S. 3728, passed the Senate on July 25.

