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UPDATE ON THE SIX-PARTY TALKS

WITH CHRISTOPHER R. HILL

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INTRODUCTION:

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## PROCEEDINGS

AMB. PASCUAL: Good morning. Welcome to the Brookings Institution.

My name is Carlos Pascual. I am the Vice President and Director of Foreign Policy Studies here at Brookings.

We are extremely pleased to have you at this event, which is jointly sponsored by the Brookings, the Korea Economic Institute and the Asia Society, so that we have an opportunity to host Assistant Secretary of State, Chris Hill, who has been the principal negotiator in the Six-Party Talks – which has led to an agreement that is setting up a process to end North Korea's nuclear program.

As I think all of you are aware, this agreement was announced in Beijing on February 13<sup>th</sup> by diplomats from China, Japan, Russia, South Korea, North Korea and the United States. It calls on North Korea to shut down its main reactor complex at Yongbyon and allow international inspectors to verify the process. It would be a first step toward disclosing and dismantling North Korea's entire nuclear infrastructure. In exchange, North Korea will receive international economic and humanitarian and energy assistance.

There are obviously lots of questions and unanswered points that we will want to explore today – such as what happens with the HEU Program that led to the collapse of the 1994 agreement framework to begin with, what happens to the existing nuclear weapons that are in North Korea. But at the same time, it is an extremely important starting point that will halt the plutonium program and will get IAEA inspectors back into North Korea.

We will also want to consider the diplomatic process that was involved. Chris Hill,

in a recent statement to ABC News said, "This whole Six-Party process has done more to bring the U.S. and China together than any other process that I am aware of." And the implications of that for future diplomacy are also extraordinarily important.

In sponsoring this event, we are joined today by my colleague from here at Brookings, the Director of the Center for Northeast Asia Policy Studies, Richard Bush; the President of the Korea Economic Institute, Jack Pritchard — Jack also was one of Chris' predecessors in the sense as the chief negotiator in the Six-Party Talks and is also finishing up a terrific book which will be published by the Brookings Press on the process, so we are looking forward to that — and, finally, by the Executive Director of the Asia Society, Joseph Snyder. Thank you for joining us and sponsoring the event.

Joe, there you are, sorry.

We are joined today as well by our colleagues in New York, in particular Jamie Metzl and the Asia Society in New York in a live video teleconference, and we will have an opportunity to go back and forth in questions with them.

Finally, just to say a couple words about Chris Hill, as I said, he is the Assistant Secretary of State for East Asian and Pacific Affairs and the head of the U.S. delegation to the Six-Party Talks. Chris has previously been the Ambassador to the Republic of Korea. He was Ambassador in Poland. He was Ambassador in Macedonia. He served on the National Security Council Staff. He was one of the key negotiators in Kosovo.

In my own career, I have had the opportunity to be neighbors with Chris on two occasions, once when we shared offices next door to each other at the National Security Council Staff and once when he was in Poland and I was the Ambassador to Ukraine. And from both of those experiences, one of the things I can say is that he is really a

colleague's colleague. He is smart and thoughtful and honest. He has a brutal determination. He just does not let go. In addition to that, he has a reputation for being one, having the best wry sense of humor in the career foreign service.

So we will expect an appropriate joke at some point, Chris.

On that note, let me give you Chris Hill.

Chris, thanks very much.

(Applause)

AMB. HILL: Carlos, thank you very much. I remember very well, in fact, we actually shared a balcony at the Old Executive Office Building. Then in Poland and Ukraine, we did not have a balcony, but we certainly did have a perch there on some rather extraordinary changes in that part of the world. Great to see you. Great to see you here.

I want to especially thank you all. As you know, this event today follows the successful outcome of an extremely complex and multilateral discussion among several parties, group of parties who, to be sure, share a number of goals but have a very different perspective in a number of areas. It was not easy to assemble these interconnecting steps and then to try to do this in such a short timeframe, that is, the next 60 minutes. Of course, I am referring to the agreement among Brookings, the Asia Society and KEI. So, congratulations, on what you were able to put together there.

Anyway, I want to thank Joe Snyder from the Asia Society and Richard Bush, who was also a colleague of mine. Richard and I were together in Congressman Solarz' office, in fact back in 1988-1989, I guess before history ended. Anyway, good to see you again, Richard, and of course Jack Pritchard, with whom — we have never worked

together, but certainly I know a lot about Jack's work.

It is a great opportunity here to come and talk about this, what is known now as the February 13<sup>th</sup> Initial Action Agreement, to tell you what it is and what it isn't — because to be sure, there has been a lot of commentary on it. From the right, we have heard people like John Bolton who said this is nothing but the Agreed Framework. From the left, we have heard this is nothing but the Agreed Framework. And so, I would like to explain that, in fact, it is different from the Agreed Framework.

But in explaining that, I do want to say that those people who worked on the Agreed Framework worked on a different agreement in a different era and worked under extremely challenging circumstances. Indeed, if you look back to what was going on 1993-1994, people were actually talking about war on the Korean Peninsula, and I think those of us who work on negotiations have a great deal of respect for those who worked on them before and who will work on them in the future. There is a reason these problems have a tendency to stick around. They are tough problems, and they do require successive generations of people to work on them with the understanding that what we are all trying to do is to achieve the same objective.

I felt that our Six-Party process has been the right approach at the right time. I think getting the September 19<sup>th</sup>, 2005 agreement on the denuclearization of the Korean Peninsula was a very important agreement, because it is the fulfillment of that agreement that we are all aiming toward. That is, nothing is finally accomplished until the objectives of the September, 2005 agreement are accomplished.

Now we looked at how to proceed with September 2005, and the North Koreans gave us a considerable amount of time to reflect on how to proceed with September '05.

And so, in looking at it and in working together, for me, it is a very true statement that this process has brought us closer or very close together with the Chinese.

We ultimately decided that even though North Korea does need to make a strategic decision to get out of this nuclear weapons business, to realize that decision is going to require a step-by-step process. It is unlikely that the North Koreans will roll out of bed in the morning and say we are going to make a strategic decision to get out of all of this. More likely, they are going to make decisions to move on a step-by-step basis. And as they move one step, they will look back and say, this is a better place than we were yesterday, and that will encourage them to take still another step.

So we are on a step-by-step basis. And if one wants to stop the video and look at any one step, one can certainly find much to criticize — because by no means have we resolved some of the underlying problems. By no means, have we achieved the final step.

What we have done is, we have tried to keep a very short deadline, 60 days. That, too, required a considerable amount of negotiation and discussion. But I thought what we could do in 60 days was quite doable, and that was we need the North Koreans to shut down and seal the Yongbyon reactor and invite IAEA back in to verify and monitor these actions.

Now, of course, the first criticism of that is well, what about the 50 kilos or so of plutonium already out there? If you look at the fact that plutonium has a half-life of some 700,000 years, we thought maybe it would be a good idea to keep the 50 kilo problem a 50 kilo problem —, not a 55 or 100 kilo problem. So we thought shutting down the

reactor was a good first step. Since we are also looking in the subsequent step to disable it and then to dismantle it and finally to cart it away, we looked at the difficulties of trying to dismantle something while it was still running and thought maybe we should shut it down first. I think if you just stop to think of the logic, it was necessary to get it shut down first.

We thought it was important to get IAEA back in there. This is not say we can't monitor the shutdown by national technical means. We have the ability to know whether the reactor is working or not. But we think it is important to get the international community on the ground and monitoring and verifying that the North Koreans are doing what they are supposed to be doing. So we thought that was important, to get IAEA back in.

The other thing we have agreed to do in these first 60 days — and we have set up a number of working groups to try to deal with this — is to discuss the list of all nuclear programs that they have agreed to, that the North Koreans have agreed to do away with, to abandon, to use the term of art in the September '05 agreement. We want to begin to have a discussion of that list and to go through what programs there are— because we don't want to just say to the North Koreans, give us your declaration, and have it be an incomplete declaration. We want that by the time they provide a complete declaration of the nuclear programs to be abandoned, that that declaration is complete. Now, to be sure, there are will be problems in coming out with that declaration. But, again, we thought, as a logical first step, we ought to have a discussion about it.

Of course, in this discussion, we will face the problem, in fact, the very serious problem of the highly enriched uranium program. We have information, and I have seen

the information – a number of countries have seen the information – that the DPRK, the North Koreans, made certain purchases of equipment which is entirely consistent with a highly enriched uranium program.

Of course, it's a complex program. It would require a lot more equipment than we know that they have actually purchased. It requires some production techniques, some considerable production techniques that we are not sure whether they have mastered those. But, certainly, we need to have a discussion about where they are on this, because we need some explanation of what was purchased. For example, we know that they attempted to purchase some aluminum tubes from Germany. In fact, there was a court case with respect to these aluminum tubes. We have some indications that they were successful in getting some of these tubes elsewhere. By the way, these are tubes that we know have the fit, the type of Pakistani designed centrifuges that we know they have also, which we know from Pakistani sources that they have also procured.

So at some point we need to see what has happened to this equipment. If the tubes did not go into a highly enriched uranium program, maybe they went somewhere else. Fine. We can have a discussion about where they are and where they have gone.

I have raised the issue of highly enriched uranium with the North Koreans on just about every occasion we have met with them, certainly on all the Six-Party meetings, and we've agreed that we can discuss this. I want to make very clear, though, that the North Koreans have not acknowledged having an HEU program. They have not acknowledged that, but they have been willing to discuss what we know and to try to resolve this to mutual satisfaction. We don't know whether we are going to be able to do that, but we have agreed to have this discussion.

Now, in addition to these undertakings by the DPRK, by the North Koreans – and by the way, I often use the term, DPRK, because frankly the North Koreans prefer to be called by their proper name. But I know it is very frustrating to journalists, because you have to have a whole separate graph to say the DPRK is the official name of North Korea. But please accept it in synonymous terms. I will, for ease of expression, use the term, North Korean, but I am not insulting the North Koreans with that.

The concept of the Six-Party approach is not just to deal with the nuclear issue or to deal with energy. It tries to deal with some of the underlying causes of tension in the region. Whether we are ultimately successful with those, time will tell, but certainly we would like to make a start with some of those issues.

In addition to a working group to discuss denuclearization and a working group to discuss North Korea's energy needs, we also expect and will have a working group on the U.S.-North Korean bilateral relationship. The purpose of this is to begin a process that if we can get through the full implementation of the September '05 agreement – the full implementation meaning denuclearization – there are other elements of that September, '05 agreement that we must live up to, and that includes normalization. So the U.S. is prepared to begin that process now and to begin talking to the North Koreans about how we could end up with a normalized relationship which would happen at the end of the process.

In addition, the North Koreans have been very interested in getting off the state sponsors of terrorism list. Again, we are prepared to begin that process, with the understanding it is going to take some time to get through that, and it also going to be an iterative process. We need to talk to the North Koreans. We need some answers from

them. We need a dialogue with them. So we are prepared to do that.

In addition to our bilateral talk, we're going to need — there is also envisioned a Japanese-North Korean bilateral negotiation. And here too there are some issues that are especially very important on the Japanese side, issues for which the Japanese Government and, frankly, the Japanese people need some closure. Most importantly, from Japan's point of view is, of course, the issue of abductions. And so this has to be addressed. We're not expecting this problem to be resolved immediately, but certainly there needs to be a mechanism that Japan and North Korea can agreed on to address these issues.

Again, it's not going to be easy, but it clearly is a very important issue, especially important issue from the point of view of the Japanese public. The families of people who were abducted for various purposes 25 years ago, they need some clarity on what happened. As Japan and North Korea sit down together to address the prospects of normalizing their relationship, they're going to have to deal with these outstanding issues of concern.

In addition, finally, there will be a working group to discuss some of the future relationships that we would hope to address, that is, future relationships in the overall region. And so, we are looking at having a working group to begin to chart out how a Northeast Asia peace and security working group can look at overall problems in the region and can look ahead to see how we can begin or to strengthen multilateral processes in the region.

I have said on many occasions and I strongly believe that Northeast Asia is truly one of the most exciting and successful parts of the world, and yet there should be a

greater sense of and greater development of multilateral institutions. We hope that the Six-Party process can be a kind of embryonic structure, that if we can get through this very difficult task in front of us, that is, the denuclearization task, it can move on and do some other tasks.

Often, people in Northeast Asia say, well, you have no idea the difficult history we've had in Northeast Asia. Well, we do have an idea of the difficult history Northeast Asia has. By the way, there are other parts of the world that have also had very difficult histories, and I must say Europe comes to mind. When you look at what has been done in Europe in terms of multilateral structures, it is truly impressive, and I think it is an inspiration to those of us in North America but also should be an inspiration to Northeast Asia. So we would like to do some more on these things.

We will try to get all of these working groups started within 30 days. That is an undertaking in this February 13<sup>th</sup> agreement that everything gets going within 30 days.

There is one other undertaking that the United States has agreed to do, and that is within 30 days the United States will resolve its role in the matter of Banco Delta Asia, this bank that is located in Macau. We will complete what has been an 18-month investigation, 18-month U.S. action to warn U.S. banks against dealing with this bank — because, frankly, we had reason to believe that this bank was not living up to international banking standards with respect to money-laundering and other activity. So we are resolved to complete our part of that within 30 days, and we have so informed the Chinese of our intention to do so.

All of these, it's an ambitious agenda for a 60-day period. And what we look forward to is during the week of March 19<sup>th</sup> and perhaps even on March 19<sup>th</sup> itself, which

is a Monday, we would get together and review our 30-day actions. We would make sure that the denuclearization group has met. We would make sure that the economic and energy cooperation group has met, the Northeast Asia peace and security group and also the two bilateral processes, that is, the U.S. and Japanese bilateral process with the DPRK.

We would ensure that those have met, and then we would see how we are doing or how we expect to do in the remaining 30 days, so that at the end of the 60-day period we would expect to see the reactor shut down and sealed. We would expect to see international observers on the spot. We would expect to have, through the denuclearization working group, discussions with the North Koreans that can lead us toward receiving from them a finalized list of their programs that would be abandoned pursuant to the September agreement. We would look to see whether the bilateral working groups have met and whether they have made progress and how they would proceed beyond that. Finally, we would look to see that, by the end of the 60-day period, we would have the first shipment of fuel oil, some 50,000 tons of fuel oil, delivered to mainly power stations in the DPRK.

Looking beyond, after the 60 days, we will be into a next phase. And here the next phase calls for a considerable amount of fuel oil on our part, so we need to figure out how we will sequence that fuel oil. We're talking about an additional 950,000 tons of fuel oil, which is something on the order of about \$220 million at current market prices. We have a burden-sharing agreement among Russia, China, ROK – South Korea – and the U.S., with the understanding that if Japan feels it is making progress on its issues, it can also join in this process. And so, we have a considerable amount of fuel oil to figure out how

to allocate, how to get into North Korea in a sequence that makes sense from a technical point of view, but is also sequenced with some additional undertakings that the North Koreans have agreed to make.

Those undertakings have to do with a couple of things. One is, of course, giving us a completed list of the nuclear programs to be abandoned, pursuant to the September agreement. The second issue, and this is a very important issue for us, is that the North Koreans have agreed in this phase to the disablement of all existing nuclear facilities, including graphite-moderated reactors and the reprocessing plant. For that disablement — and disablement means these are put out of commission, not just shut down and sealed but actually put out of commission — in short, the next stage on the phase toward the dismantlement and complete abandonment of these facilities.

On the North Korean side, there are two main undertakings: a complete list, a finalized list of what programs need to be abandoned and, secondly, an agreement for disablement of all their nuclear programs. On our side, we need to sequence tranches of fuel oil totaling 950,000 tons, that is, together with the 50,000 that comes at the end of the 60 days. That would be a total of one million.

It is going to be a very busy time, and I think everyone is also agreed that we need to, above all, avoid missing deadlines. When you start missing deadlines, it's like a broken window theory. If one window is unrepaired, before you know it, you will have a lot of broken windows and nobody cares. We care about deadlines, and therefore we really have to make sure these all happen.

I think there is a real sense among all the parties that we have a process going. We are very mindful of the fact that we have a long way to go. We are very mindful of the

fact that we have 50 kilos, some 50 kilos or so, of plutonium which we know the North Koreans have used some of that in order to make a nuclear device in October. So we are very mindful that that is still out there, and we need to address that plutonium. We are also very mindful of the need to come to clarity and closure on the issue of the highly enriched uranium program and, finally, of the need to disable and finally dismantle these nuclear power, these graphite-moderated technology power plants that, in the case of Yongbyon, have been producing the plutonium.

At the end of the 60 days, if we're successful with all this, our plan is to then have a ministerial, where U.S. Secretary of State Condi Rice will go out to Beijing. And she will meet with her other five counterparts, including the North Korean Minister of Foreign Affairs, and review the first 60 days and review how the next tranche is working — and, we hope, provide a kind of renewed and continued momentum really to this process. We would anticipate that such a meeting of the Six-Party ministers would happen in April, that is, following the 60 days.

Again, we are dealing with a really tough problem in some respects, a kind of relic of the mid-20<sup>th</sup> Century. Here we are in the 21<sup>st</sup> Century, dealing with still a divided Korean Peninsula, a division that I think is one of the saddest legacies of the mid-20<sup>th</sup> Century. It is our hope that through the progress in the Six Parties, this can spawn the creation of a group of countries, probably four countries – China, the U.S., South Korea, and North Korea – to try to sit down and end the Armistice and replace the Armistice with a peace mechanism on the Korean Peninsula. Indeed, our Six Parties is really an effort to address broad problems in the overall region of which the denuclearization issue is but one.

With those opening comments, perhaps I could go to some questions.

(Applause)

AMB. PASCUAL: Chris, do you want to come here?

AMB. HILL: I can just stand. That is okay.

AMB. PASCUAL: Thank you very much for the presentation. I think you really did an outstanding job of both telling us what the agreement is, telling us its limitations and where you are going to go next.

I wish I had an opening question to ask you, because I would be fascinated to ask you about whether it was harder to negotiate with the Serbs, the North Koreans or internally within the U.S. Government to get a coherent policy in either the Balkans or North Korea.

AMB. HILL: You are on to the right answer there.

AMB. PASCUAL: But we will skip that.

We are going to start by going to New York to Jamie Metz, and the approach we are going to take is to take two questions at a time, so that we can try to get as many questions in as possible. We are going to start in New York.

Jamie, are you on the line with us?

AMB. HILL: So we are just doing two questions at a time.

AMB. PASCUAL: Two questions at a time.

AMB. HILL: Because when I was in the Peace Corps I had malaria and my memory, I have trouble with more than two at a time.

AMB. PASCUAL: It gives you the option of opting out of a question too.

AMB. HILL: Okay, okay.

AMB. PASCUAL: Jamie, please.

MR. METZL: Thank you very much, Chris. That was fantastic. Thank you to our friends at Brookings and to KEI. I have a quick question myself, and then we have our new Director of the Center on U.S.-China relations, Orville Schell, to ask the next question.

My question is, Chris, you mentioned the Macau Bank. I was a little bit unclear what the agreement was that the United States has made. Are we agreed that we are going to drop our expression of what actions were taken to address the alleged North Korean money-laundering and counterfeiting? I wonder if you could talk a little bit more about what agreement was made.

Now, if I could please ask Mr. Schell to ask the next question.

MR. SCHELL: Chris, you mentioned that through this process of negotiations, the U.S. has grown closer to China. I am wondering, what do you feel the prospects are as a result of this collaboration for China playing a more proactive role in the world, particularly in areas where they are not directly involved, (inaudible) Sudan, places like that? Do you think this is the first harbinger of China coming out into a more active and constructive global and international role?

AMB. HILL: On the question of China, I feel we have worked very closely with the Chinese delegation. We had a delegation of some 25 to 30 members, and I think the Chinese was even larger than that. I was just very impressed with how we have been able to work with them at the drafting level, at the specialty level, that is, dealing with some of the technical issues. Also, I would like to think that I have a pretty good relationship with Vice Minister Wu Dawei.

I think China has made it very clear they want to solve this problem. They have no interest whatsoever in seeing nuclear weapons developed on the Korean Peninsula. They have no interest in resolving this through some sort of strategic ambiguity, that is, they pretend to disarm and we pretend to believe them. They want clarity on this matter, and I think they want that clarity because they look ahead to the overall region in Northeast Asia and see that their interests with respect to their relations with other states there, whether it is South Korea or Japan, are served by a nuclear-free region. They understand the importance of the North Korean nuclear program in that regard. So we really have lined up our interests there.

To be sure, North Korea presents some special challenges for China, and I feel very humbled to be asked a question by one of the foremost Chinese experts. So I am not going to tell you what those are, except to say I do believe that North Korea poses domestic issues in China. There are people in China. There are veterans associations who care about North Korea. There is a whole internal political discussion in China, the balance of which, the harmony of which could be affected by political developments in North Korea. In short, it is a very complex calculation for them.

Yet, I do believe that we have been able to synchronize our goals. And I think we are also synchronizing not only the goals, but also the strategy and, in many respects, the tactics themselves. So we have really come together with them on this. The proof will be, as the ancient Chinese expression goes, "it's never over until it's over." We have to see whether we get there with this.

Then I do like to believe that we can work with China directly on some of these issues where I think China has taken, in some respects, a narrower

perspective of what is at stake in Sudan, whereas in our view there are some fundamental issues of humanitarian law that are at stake and, frankly, at risk. I think we can reach some understanding with the Chinese about how to proceed with those.

So, we do have a long way to go, but I believe that this very close relationship we've worked out with respect to this very difficult problem can serve us well as we address these other problems.

What was the first question? Oh yes, Macau. Oh, dear.

Macau is a – The Treasury Department has had, these are investigations against various banks in various parts of the world that are threats to our financial system — because if our banks deal with these banks that in our view have been up to some, that have been involved with accepting accounts that derive from illicit activities and whatnot, that this could ultimately be a threat to the international system and to our banking system. And this derives from Section 311 of the Patriot Act.

Normally, as we identify these banks around the world – and there have been several in Central Asia, there have been banks in Europe as well; Macau is not the only bank — we try to resolve these matters; that is, go final on our judgment of what's involved and what needs to be done to get them fixed. And we try to do that in a period that's more or less 18 months. So that's kind of where we are now, at about the 18 month period.

I think we have a great interest in trying to get this resolved. We have a broader interest. But we also continue to have the interest of making sure that our banking system – that is, that our banks don't bring in some of these bad practices.

So, what we have, what we are prepared to do is to resolve this within 30 days. I'm not going to get into the specific issues of how we're going to resolve it, except to say I know the Treasury Department is working very hard as we speak to address this.

We have had a number of, I think, very good discussions with the North Koreans. But in this case, the North Koreans are only depositors in this bank. Our issue was between the Treasury Department and the bank. And so we have had some good discussions with the North Koreans who were depositors in the bank; we've also had some discussions directly with the bank in question and with the Macau monetary authorities. I think we'll be continuing those next week. And I would look forward to us being able to finalize this, that is, to resolve our role in this. And then we will continue to look at other banks in other parts of the world for the same sort of problem.

I hope that the North Koreans understand the seriousness with which we address issues like money laundering. But, to be sure, there are other places in the world and other countries in the world, other actors in the world who may not have gotten the message. And I think we'll continue to be very vigilant about making sure that the international banking system, which is frankly our country's lifeblood, that that banking system continues to operate in a clean way.

AMB. PASCUAL: Thanks. Let's come back to Washington.

Here in the middle.

MR. HAWK: Can you provide – David Hawk — can you provide some more detail on how the conversion of the Korean War Armistice will be converted into a

peace regime on the Korean Peninsula, how that will be sequenced into the process since there's no working group for it?

AMB. HILL: Yes. Well, there is not a working group for it because it is not a Six-Party activity. The issue of replacing the Armistice with a peace mechanism needs to be done by the directly relevant parties. And that's not necessarily the Six Parties.

So how that is eventually is determined is going to be – I suspect what will happen is there will be a meeting of directly relevant parties, and I think one could safely assume those would be China and the U.S., but especially the two Koreas. And I would anticipate that they would meet together and begin to plan out a work plan. We would like to do it in a reasonable amount of time.

We've already done a lot of work on the question of how this could, how a peace mechanism could replace an armistice, but it is a complex matter. And I might add it also, it affects U.S. forces in South Korea. It affects U.S. forces generally, frankly, including U.S. Forces Japan.

I think it is appropriate that when this mechanism or when this process gets underway that it report back for informational purposes to the Six Parties, because I think there is and there will be a great interest in it. But at this point I can't give you much clarity, except that we have the political will to do this.

I would, however, close my answer to that question by saying that with denuclearization a lot is going to be possible in this type of area. Without denuclearization — if we end up stalled, if we don't get the full objectives of the

September '05 statement done — without denuclearization things are going to be very difficult in this area and in many others.

AMB. PASCUAL: From this side of the room? Yes, over here.

MR. SELDON: Thank you. Richard Seldon, freelance writer. Thank you for your talk, and thank you for your very positive work.

Going back to the Axis of Evil talk, the President seems to have taken a different direction or agreed to a different direction on North Korea. The Iraq Study Group, of course, suggested negotiations with Iran. To my knowledge, he's not doing that. But North Korea seems to have gone in a more positive direction.

Could you describe in a little bit some of the influences that have allowed the Bush Administration to move in a more positive direction?

AMB. HILL: Well, the question is sort of mainly over my paygrade. I mean, I'm a diplomat. I've been asked to address a problem, and I'm doing it the best way I can.

But I do want to emphasize that throughout this, I've worked very, very closely with my boss, with Secretary Rice, who I don't think would be working without her boss's okay. And so, I think we are — we have strongly felt for some time now that a multilateral approach is the best way to deal with this problem, and this goes back several years.

The United States alone cannot take the responsibility or ensure in any respect the de-nuclearization of the Korean Peninsula. We need China very much involved in this process. So getting China as a member of the Six Parties, having them take the very onerous responsibility of being in the chair, I think was a very, very

important development. But after that, we had to be a little patient. And you know, the Chinese are always asking us to be more patient, and we're always asking the Chinese to be less patient.

But, indeed, I think we set up the right mechanism. We really felt the Six Parties is the right mechanism. All the relevant players in the region are there. And even the North Koreans agreed with this mechanism.

But I think some of the flexibility that you allude to came in in the sense of, we have a model, a multilateral model, and within the model we embed bilateral processes. Because anyone who has sat in a six party discussion on anything — I mean, whether you're talking baseball or talking anything — it's really hard to have a conversation with six different parties. So often, in the context, we have bilateral talks.

We did expand that somewhat when we met with the North Koreans in a different continent and a different time — that is, when I met with the North Koreans in Berlin, and we went over what we might be able to accomplish at the next Six Parties. So, we did expand the concept of how we could take the bilateral mechanism within the multilateral mechanism.

I think that required a little flexibility on our part, and I think it was the right call. And I can tell you the call was not mine. It was over my paygrade, and it was the right call. So, now we have to see if we can get there.

And again, as I mentioned earlier, we're trying to address more than just a denuclearization/energy issue. We're trying to address some of the underlying issues in the region. And for that, we do need all these players, and we do need these players

talking to each other. And I tell you, it was very gratifying at the last Six Party meeting to see the Japanese delegation having a good bilateral meeting with the North Koreans. There was a meeting that – I think they met on Monday. This was before the agreement was struck. And they met for over an hour to talk about their issues. The Japanese were also having excellent bilateral meetings with the Chinese. So, even through the most difficult times of Japanese relations with China, Six Parties have managed to ensure that their relations were very good in that process.

Again, you know, this is just — as Secretary Rice says — the first quarter. I've moved on to baseball metaphors, it being spring training time, and I think we're definitely in the early innings here, and we have to see how we end up.

AMB. PASCUAL: We're going to go back to New York, to Jamie. Two questions.

AMB. PASCUAL: Could you please identify yourself?

SPEAKER: My name is Calvin Hoagland (sp?). I'm a student at Columbia University. My question is, can you tell us anything about the leverage that the Chinese exerted on the DPRK behind the scenes?.

AMB. PASCUAL: Okay. Second question?

SPEAKER: Thank you Ambassador. Hill. Betsy Williams at the Asia Society in our Global Health Program. I just wanted to ask – to get your thoughts on how progress of the Six Party Talks may have opened opportunities to work on some of the more humanitarian issues that the global community is concerned about in North Korea, specifically poverty or disease outbreaks like measles (inaudible) or avian influenza?.

AMB. HILL: Okay. I didn't quite hear the first question.

SPEAKER: Chinese leverage on North Korea from behind the scenes.

AMB. HILL: You know, what happens in those bilateral meetings between the Chinese and the North Koreans stays in those bilateral meetings. I tend to look at the results, and I don't ask a lot of questions. A lot of people ask me why did North Korea make these decisions to rejoin the talks, and I'd just rather pick up the issue after they've made the decision and leave others to analyze how they did it.

I do know that China is enormously interested in a resolution of this. And I suspect the Chinese spoke with great conviction and very convincingly of the need to make progress. But, to be sure, China must have some leverage. But, again, I'm not going to ask them how they used it.

With respect to the humanitarian issue in North Korea, I'm glad you raised that — because, you know, we are dealing with some 22 million people. You've probably noticed some articles recently which show that North Koreans are now, on average, something like five — children are something on the order of five centimeters shorter than South Koreans.

I think there is a genuine humanitarian issue here. And I think the U.S. has tried always to maintain a difference between humanitarian issues and political and security issues. What we have done is we look at countries, we have three main criteria: that is, whether there's a need for the humanitarian assistance there; what is the competing need — that is, if you put it in North Korea and leave another country that needs it even more — so what is the competing need, what's the opportunity cost of it; and also, what is the monitoring — I mean, can you be assured that what you're doing actually reaches its target audience.

I think that's the right way to go. And as we look ahead to probably restarting or doing more in the humanitarian assistance area, what we're hoping is that we will especially get some improvement on the issue of our ability to monitor. Because I think everybody should be looking at the situation in North Korea — where people are often without any electricity, without any heat — and show some real compassion for those people and see what we can do, if we can do more.

So, I hope that although humanitarian assistance is not linked to our Six-Party process, I hope the Six-Party process will be a bit of a catalyst as perhaps your question suggests.

AMB. PASCUAL: Let me go to the back of the room here. And Barry?

MR. SCHWEID: All right. Barry Schweid, AP. I hope you won't say this isn't your department or beyond your paygrade.

You made reference to an impact on U.S. troops in the area if there should be movement toward and accomplishment actually of a real peace accord to end the long standing armistice agreement – supersede the armistice agreement. Can you elaborate on that a bit?

I know you're not at the Pentagon, but I'm trying to envision how this might ease the tensions that are linked – I would almost say caused — by an enormous presence of U.S. troops in the region. Could there be enough trust established even before there's a final agreement to begin withdrawing? What do you see down the road?

AMB. HILL: Yes.

AMB. PASCUAL: Chris, let me take one more, and then we'll come back to you.

This gentlemen, yes, right there. He was very kind to –

MR. LAVALLEE: Mike Lavallee from Tokyo Broadcasting System. I'd like to talk about the U.S.-North Korea working group. I was just wondering if you – how things are going with that, if you have a tentative date when you'll be meeting Mr. Kim in New York. And also, how is the agenda set up? What issues do you expect to tackle first within that working group? And are you planning a reciprocal visit to Pyongyang, to Mr. Kim's visit to New York?

AMB. HILL: First of all, with respect to Barry's question, I am not in a position and I don't think anyone is in a position to make any predictions on the configuration or the quantity of U.S. troops in the region. We have some 25,000 troops in South Korea. That figure actually is a reduced number from previous numbers of some 37,000.

I would argue and I think anyone who's been in the ROK would agree with me — and I like to think most people would agree with me — that U.S. troops have been an extremely stabilizing presence. I think they have really helped maintain peace and security on the Korean Peninsula. And so I'm kind of disinclined to change things that aren't a problem.

But that said, as you go to a peace mechanism — you go from an armistice to a peace mechanism — there are different ways you maintain a peace mechanism than you do an armistice. So I think our presence in South Korea – My point is, we're going to have to proceed cautiously — with our north star, our guiding star, being the fact that we want to maintain the security and the stability that we've maintained all these years.

I think history will record in future years the importance of the U.S. forces, of U.S. Forces Korea. Occasionally, I see articles about gee, why don't we pull them out or something. I think our forces in Korea have been a very stabilizing element. And I think they have been absolutely integral to our security as well as to the security of the ROK.

And I'll say it as someone who served there and knows what our troops are up to. I'm just really impressed with what they're doing. And I think to change those things, you need to change things with great care, great care indeed.

As you know, there's a big issue in South Korea right now about the question of whether the operational command of the alliance troops in wartime should be transferred. Right now, it's with the U.S. commanding general. Should it go to a ROK general? These are issues we're working out with the South Koreans, who have a very, very capable army of their own.

I'm not prepared to say at this point how a peace mechanism could affect those forces, except to say we need to be guided by the fact that those forces have been a real force for stability, and we don't want to detract at all from the stability.

AMB. PASCUAL: And the negotiation process in New York and key issues.

AMB. HILL: We need to have these meetings — our bilateral meeting with the North Koreans — within 30 days, like the other working groups. We're working on some tentative dates. We have some ideas for dates, but we don't have a definite date at this time.

We would also like to see how – to try to sequence some of the other working groups, because we're mindful of the fact that, for example, I would anticipate participating in a couple of the working groups. And so I need to make sure I can do that, and they're not happening simultaneously in different parts of the world.

So, we're working through those dates. I think what we will do – and, again, we need to talk to the North Koreans about this with respect to the U.S.-North Korean working group — we need to work out an agenda. I know they're very interested in the subject of eventually getting off the list of state sponsors of terrorism. So I'm sure that will be on the agenda, to work through that and to maybe explain how that works from our vantage point and how we could proceed with that.

I suspect that the first meeting with the North Koreans will be to try to chart out an agenda. I've told them on many occasions we are prepared to live up to the letter and the spirit of the September '05 agreement and to achieve normalization. But we need the North Koreans also to be living up to the letter and the spirit of the agreement, which is to achieve denuclearization.

So, they're making a start on denuclearization. We're going to make a start on normalization. And if we can all continue in the spirit that we had there in at least the last day of the negotiations, then I think we'll get there.

SPEAKER: Can I ask one more question?

AMB. PASCUAL: We're actually going up to New York right now, so sorry.

SPEAKER: Oh, just kidding.

AMB. HILL: Maybe one of your colleagues can do the same up in New York, and so you'll be all set.

SPEAKER: So, let me ask another question from this end. And that is, Chris, you have a wide experience not only in Korea and Asia, but regionally. And the question is what, if any, implications or lessons can the United States take from the negotiations with North Korea that might be applied to addressing the existing and growing issues with Iran.

And one more question.

MR. TEMPLETON: Bob Templeton, Asia Society Member. After the September agreement two years ago, things came a little bit unraveled in several countries. After this is now public and being vetted in the various countries, do you see it staying stuck in place in China, in the DPRK, and in particular in this country now that everybody – the full political process has had a chance to (inaudible)?

AMB. HILL: Well, with respect to whether this is going to work, I'm not taking any victory laps right now. I'm just trying to explain to people what we did and what we didn't do. And what we did was we agreed on some initial actions. What we didn't do is resolve the problem.

So, I hope that by keeping these on short time frames — that is, 60 days — where in 60 days we'll know whether this all got done, we can then move from there. To be very frank, I was very disappointed that we took 18 months after September '05. I thought we would have moved much more quickly.

As you know, the North Koreans essentially considered the action against this Macau Bank to be such that they did not want to participate in the Six Parties after

that. We thought that was a wrong headed approach, but, you know, I'm not going to stand here complaining about the fact that I lost 18 months of negotiating, 18 months off my life. I think we need to move on, and we have a 60-day process. Let's see how we do.

With respect to Iran, I don't want to get Barry upset by saying it's over my paygrade, but it's just – someone else is being paid to worry about Iran.

Look, diplomacy, as the President has said, it takes time. It's not easy. That's certainly what we're trying to do in North Korea, and it's certainly what we're trying to do in Iran. Basically, you're trying to convince people to do something they don't want to do. And you're trying to set up incentives; you're trying to say, look, if you do this, it will help you.

And, often, they don't believe you. Or, often, they have their own constituencies that – I always remember in dealing with one of the Balkan negotiations, and I was trying to convince someone to do something. And he finally said, can I see you alone for a second? I said okay, and so we go in the other room. And he said, you don't understand; if I do that and I go home, they'll kill me. And so that's why I don't want to do it. I don't want to die. And I said okay, we can understand that; we can work with that.

So, you know, these are tough issues. I think step by step — The way I like to approach it — and, again, I don't know if it will work — but, first, you lay out where you're going. And that's what September '05 was. So anytime someone says where is this leading us, the answer is de-nuclearization of the Korean Peninsula. So it's all out there in the September agreement.

Then we start working on step-by-step. And the trouble with step by step if you don't know where you're going is every time you take a step, one side will be saying: Wait a minute, I want to go there; I don't want to go here. And if you can convince them that sometimes the shortest distance between two points is not a straight line but that you actually have to go around some things, I think you can convince people to do it step-by-step if they know the ultimate destination.

So we know the ultimate destination. And now we're doing what I kind of had hoped to do in October of 2005 — that is, laying out a step-by-step process. And since we're only doing very short steps, we move them a little place. Then we hope they say: well, this is better than we were yesterday; let's move on. We'll keep doing this and try to do it in a reasonable amount of time so that we don't all die of old age on the journey.

AMB. PASCUAL: This gentleman over here has been very patient.

MR. LEVIN: Herbert Levin. In view of the rather large amounts of money that the Japanese have in principle committed themselves to with North Korea upon normalization —

AMB. HILL: The Japanese?

MR. LEVIN: The Japanese — and the relatively finite nature of accounting for the abducted Japanese, why is this one seemingly so difficult to solve, considering that more complex ones are moving?

AMB. HILL: Yes.

AMB. PASCUAL: And we'll take one other question.

AMB. HILL: We're going to give Molly her question. She might —

SPEAKER: I cover Congress, so we have to be loud.

AMB. HILL: I'm from the State Department. We don't like getting shouted at, so just normal tone of voice here.

SPEAKER: It's always fun when you guys are up on the Hill for hearings, I tell you.

This is back on the Iran question. I'm wondering — you laid out the plan, what we should do in terms of trying to set up an end goal. But what I'm wondering is the IAEA just found today that Iran is suspected to have 3,000 centrifuges by May. So, where do we go from here? What should the Administration do about that?

AMB. HILL: You are in the wrong press conference. We're talking North Korea here.

AMB. PASCUAL: Actually, Nick Burns was here last week and answered that exact same question. And there's a webcast on our website that you can pick up and will address that. I think Chris would probably feel a lot more comfortable allowing Nick to respond to that question.

There was one gentleman over here who has been very patient. We'll take this question.

AMB. HILL: I do the North Koreans and the Red Sox. Those are the only questions I take.

AMB. PASCUAL: While this is being passed over, one of the things I will say that Nick said, which I think is extremely important and is worth repeating, is that the Administration has made an offer that if Iran is willing, for the purposes of a negotiation, to suspend the enrichment program, just for that negotiation and a window of

a two month period has been offered, that the United States and the other P5 and Germany are willing to sit down at the negotiating table.

And so the parallel that he was trying to draw was that there was an openness to negotiations with North Korea. And in parallel, there's an openness to negotiations with Iran without seeking a permanent suspension on the part of Iran. And I think if you go to the webcast, you'll see I think I'm pretty accurately paraphrasing Nick.

Please?

MR DATTA: Colonel Datta, President, Indian Veteran Officers Association.

How far does this agreement reached now differ from the one reached in the President Clinton's time in substance, implementation, and implication?

AMB. HILL: Okay. With regard –

AMB. PASCUAL: Japan.

AMB. HILL: On Japan, I think the Japanese have made pretty clear that if they can resolve this issue – and it is a gut wrenching issue for people in Japan to deal with this. I was with these families of abductees when President Bush met them some months ago, and I met them in Ambassador Kato's residence. It's a very tough issue.

But you're right. The Japanese have said if they can get to the bottom of this and get closure, Japan can be a – will be very much a party to any economic assistance that comes out of the process. And so I certainly conveyed this to the North Koreans.

But your question is a good one because — I've asked it myself. And I'm still looking for an answer to it, which is — I've told the North Koreans, you know, at the

end of the day, it's your responsibility to figure out how to get along with your neighbors. And with respect to Japan, the world's second largest economy, it seems to me that you've got to figure out how to have a relationship with them. You can see what is of concern to them, and you need to look very clearly and pragmatically at what you need to do.

The North Koreans are found of telling me what a small country they are. And I've said to them, you know, being a small country is like being a small player in professional basketball. If you're going to be small, you'd better be smart. And you'd better figure out what you need to do. Those were my words of wisdom for them. And I hope that at some point they will come around to an understanding that Japan is right there, and they need Japan.

When that moment comes, by the way, and when they do understand that Japan has a need and a right to have closure on this question of abductions, I do hope the Japanese will also reciprocate in the context of what we've been doing — that is, denuclearization of the Korean Peninsula. Because Japan, I think, also as an important player, political player, security player, and especially economic player, I think has a lot to offer.

So that's a good perhaps segue into the second question, which was how this is different from the Agreed Framework. That was a different agreement in a different era. It was essentially a bilateral agreement between the U.S. and North Korea. It went directly at the issue of nuclear weapons and directly at the issue of energy.

And what we are trying to do is something different. I want to be very clear; I am not criticizing anyone who went before me on that. I've been involved with

successful negotiations. I've been involved in ones that were not successful. And I'm just as proud on both of those and what I tried to put into them.

But we are trying to approach this multilaterally. We don't believe North Korean nuclear weapons are just a problem for us. Frankly speaking, the U.S. is probably better able to protect ourselves than some of these other countries. So we believe that it is very much something that the countries of the region need to step up to.

As they step up to it, we hope that we can create a framework of multilateralism, a framework inspired in other parts of the world, that they can take this framework, take the success of achieving denuclearization and move on from there — so that Northeast Asia can do more than just produce goods and services, but can also produce security in the rest of the world.

So the multilateral side is very important to us, having China — which is North Korea's most important partner, very important partner, especially in recent years — but having China very clearly with us. It did not go unnoticed in Pyongyang when China signed on to the UN Security Council resolutions — the one, 1640 in July and then 1718 in October. I think that really got the attention of the North Koreans. It's critical that China be with us and that we be with China on this.

And finally, as I mentioned, I think we're trying to look at overall problems, underlying problems, especially the fact that we are dealing with a tragically divided Korean Peninsula, one of the great tragedies of the mid-twentieth century. Divisions are always tragic.

But when you look at Korea, if you have ever had the opportunity to be in Korea at the time when the Red Cross has these family unification — when families are

able to meet each other after so many years — and you see the anguish on people's faces, anyone who looks at that division should be really dedicated to the proposition of trying to deal with it. And that's what we're trying to do.

AMB. PASCUAL: We have time for two more questions. Why don't I suggest we take one from New York and one here?

Jamie, do you want to put forward a final question?

SPEAKER: This has been selected from our audience. The final question here is, what are the implications of this agreement for the U.S. position on South Korea's sunshine policy? The U.S. has been opposed to some of the recent push for involvement in Kaesong by the South Koreans. Does this change the U.S. position vis-à-vis South Korea's (inaudible)?

AMB. PASCUAL: And we'll take one final question over here.

MR. MATSUMURA: Masahiro Matsumura, a Brookings CNAPS fellow.

I understand you stated that Japan can join the provision of a carrot to North Korea if it sees some meaningful progress in bilateral talk centered with the abduction issue. Are you effectively saying that the United States is now ready to make several steps forward without seeing any meaningful progress in abduction cases, leaving Japan behind?

AMB. HILL: I think we had an agreed minute on burden sharing, and what we said was that the United States, China, Russia, and the ROK, subject to respective national government decision, agree to share the burden of assistance, et cetera, and look forward to the participation of Japan on the basis of the same principle as its concerns are addressed.

We think from Japan's point of view, it needs a mechanism for dealing with this issue of abductions. We are in very close contact with Japan throughout. And in fact, last night at about 10:00 at night, I spoke with my counterpart, Ken Sasae. We – I probably had more bilateral meetings with Japan than with any other delegation through the Six-Party Talks. Whenever I go to Beijing, I stop in Tokyo. Indeed, our Vice President was just in Tokyo. In fact, he met with the families of abductees.

I would say – and we're looking forward to additional meetings between our President and the Japanese Prime Minister. I would say we have an excellent relationship. I think the notion that "Japan is being left behind," is really misstated. Because, clearly, Japan has a great interest in denuclearization in North Korean. Clearly, Japan has a great interest in achieving progress in this area. That's why Japan was such a full participant.

Japan has a bilateral – some bilateral issues with North Korea. And we made the setting up of a mechanism to deal with those an integral part of the overall agreement. So we expect that as part of implementation of that overall agreement, that Japan and North Korea will sit down together in the first 30 days, as called for, and continue the discussion that they had in bilateral meetings in Beijing, when Kim Gye-gwan and the North Korean delegation met with Kenichiro Sasae and the Japanese delegation.

I would urge you not to think in terms of abductions here and denuclearization there. I would urge you to try to think in terms of Japan's overall interest, the fact that Japan has a great interest in achieving closure on the abduction

issue, but also Japan has a great overall interest in achieving denuclearization of the Korean Peninsula.

What was the first question from Jamie?

AMB. PASCUAL: The sunshine policy and –

AMB. HILL: You know, I've been doing this so long, I start quoting myself all the time. But I have long maintained that if the net result of the Six Party process is to put the U.S. at odds with the ROK — where we are arguing over how we approach things — that that would be a very sad day indeed.

Clearly, as I tried to suggest in my answer to the previous question, there are some issues on the Korean Peninsula that are very special to Koreans, starting with the fact that it's their peninsula. Now, obviously, we have a great interest in security in the Korean Peninsula, because we have troops on the ground there and we're committed to the defense of the Korean Peninsula. The United States obviously has a great interest in denuclearization of the Korean Peninsula, because it is our problem as well as the problem of countries in the region.

But South Korea, as I tried to suggest previously, has a great interest in resolving and addressing the division of the Korean people. And so that is what the sunshine policy essentially is aimed at. And I'm simply not going to get into a discussion of criticizing what the South Koreans have tried to do to address this overall problem. It is not easy. Anyone who has been in South Korea knows what an extraordinarily emotional issue it is.

So I would rather make sure that if our policies are not always simultaneous, at least they can be coordinated, at least we know what each other is doing. And we don't always have to take the exact same path to the same mountain top, but we do need to arrive at the same mountain top.

By the way, metaphors got kind of out of control during the Six Party process, so I apologize for slipping again. It happens when you get tired.

But anyway, we are trying to achieve the same goal. At times there will be some differences in how we approach it. But I must say we've had a

very, very good run here through the Six Parties. I worked very well with my counterpart Chun Young-woo. In fact, I just spoke to him this morning at 7:00 to discuss some of the follow on measures. So I think we're doing very well with the ROK.

Again, I like to think that the Six-Party process, even if it hasn't solved the main issue on the menu, has addressed, has brought the countries of the region together and has certainly brought us closer together to the ROK. It's certainly making us cooperate very closely with Japan. And as I said earlier, it's very important we work closely with China. Because at the end of the day, we need China as part of the solution here.

AMB. PASCUAL: Chris, this has really been an extraordinary discussion. I think you've done a great job.

AMB. HILL: Thank you.

(Applause)

AMB. PASCUAL: On behalf of the Brookings Institution, the Korea Economic Institute, the Asia Society, we're really appreciative of your willingness to take this time to be so thorough.

I'm going to ask everybody to just please stay in their seats for a second. Chris does have to leave for a meeting, so we're going to allow him a chance to step out. And then we'll go ahead and let everybody go.

AMB. HILL: Chris Nelson is so frustrated. He didn't get to ask his question about who's going to be the North Korea policy coordinator. Chris, I don't know, and I keep forgetting to ask, okay?

SPEAKER: I was going to ask how the Yankees are going to do against the Red Sox this year.

AMB. HILL: That will be determined on the field. But we were very active over the winter, and we're very grateful to the Japanese for allowing us – for a very small amount of money, just four times the amount of money that's involved in the Macau Bank. For that very small amount of money, I think we really have an opportunity to strengthen our starting pitching. And so we'll see.

(Applause)

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