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**SEGMENT 2**  
**VIEWS FROM THE REGION**

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RICHARD BUSH: Why don't we get started? I think the first panel went very well. I'd like to thank all the panelists. This panel we're going to take a different perspective and get reports on the views of North Korea's neighbors, which I think in this case is a vitally important issue, that one could make the argument that how this crisis develops and works out depends on how the United States, Japan, South Korea, Russia and China work or do not work together to try and resolve it.

And to help us illuminate these issues we have four outstanding scholars: Jae Ho Chung of Seoul National University and this year's CNAPS visiting fellow from the Republic of Korea; Michael Swaine of the Carnegie Endowment, who's sort of third over; Jim Przystup from National Defense University; and Alexander Lukin of the Moscow State Institute of International Affairs.

And we will start with the country that is most affected by this, which is South Korea, and I would like to turn to my colleague, Jae Ho Chung and ask him, how is Seoul, the new government of President Roh, viewing the situation? How dangerous do they think it is? What do they view the nature of the military threat? Do they think that North Korea, for example, has nuclear weapons? What do they see as – how do they evaluate the U.S. approach to this? And how does the South Korean government think we should proceed to resolve it?

Professor Chung.

JAE HO CHUNG: First of all, a disclaimer. I cannot speak for the Korean government. I'm just giving you my understanding of what has been happening and what the South Korean government is viewing the entire situation.

In the minds of the South Koreans, I think there are two types of concern. One is the danger of having a North Korea that has nuclear weapons capability. Once North Korea goes nuclear, the Sunshine policy, or alternatively, the Peace and Prosperity policy will no longer be on South Korea's terms; it will be on North Korea's terms. So that's one concern the South Koreans have. The other concern is still – I think Michael O'Hanlon said the preemption option is still on the table. I don't know where it is, but – so South Koreans still have this concern about preemptive attack by the U.S. against North Korea.

I think the use of the term "crisis" has been controversial in South Korea because it has had enormous negative impact on South Korea's economy. I mean, the recent up and down of the stock market is a very good example. Compared to late last year, however, I think we definitely see a heightened – enhanced public awareness about this nuclear program that is being developed in North Korea.

Regarding South Korea's assessment of North Korea's intentions, my understanding is that the Seoul government assessment over this problem has been evolving over time. I think initially, during the Kim Dae Jung administration, the major

thread of thought was that North Korea was basically planning to bargain it away, but I think under the current administration I'm not sure whether that still remains the main thinking.

Currently, I think North Korea's bargaining the nuclear program away and actually going for the nuclear weapons capability are not necessarily mutually exclusive. I think Allan Song made a very good point along this line earlier. So I think a timely intervention was the goal of the South Korean government, or even the current Roh Moo Hyun administration, has been striving for.

So it's interesting that – or even ironic, the South Korean government, which has not yet confirmed North Korea's position of nuclear weapons, has been viewing the situation as more urgent than the Washington – Bush administration which has already announced that North Korea might have already developed one or two nuclear weapons.

South Korea's evaluation of the Bush administration's policy on North Korea; this is a very tricky issue. My reading is that initially there was some confusion and displeasure on the part of South Korea in regard to the Bush administration's policy toward North Korea. First of all, there was confusion and differences in terms of what kind of role South Korea should play in the resolution of the North Korea conundrum. Obviously we know that the Kim Dae Jung administration defined a role for itself as leading, but that has been – (audio break, tape change) -- offered the role of being a mediator between North Korea and the United States, that has also been rejected by the Bush administration. And Assistant Secretary James Kelly, during his visit to Seoul, he defined South Korea's role as active, which – we don't really know what that really means. But nevertheless, I think -- up to this point I think the role of the U.S. mainly was in the negative leading role rather than proactive – actually promoting something that can be constructive. But now I think more positive efforts are being made by both North – I mean, U.S. and South Korea in the resolution of this problem.

I will get to the exclusion of South Korea in the three-party talk later on. But let me add a footnote on this particular issue; that is, this whole issue is as much South Korea-U.S. relations as it is North Korea-U.S. relations because I think South Korea-U.S. consultation and close coordination is very important, and it will actually provide both countries a very good opportunity to patch up the rift created since last summer.

Finally, what is the best way out of this problem? I think the only way out for Seoul is getting in – that is, more active engagement and involvement, and closer consultation with the U.S. and China in the resolution of the problem. More specifically I mean the following couple of things. After the preliminary phase -- I mean, whether you call it preliminary phase or initial talks or initial phase, whatever that is going on right now in Beijing – after that is happening, I think South Korea should get involved as soon as possible. Inter-Korean talks – they were suggested by North Korea, which may be useful – but that can never supplement direct involvement by South Korea in any format of the multilateral talks that will transpire.

Second, I think South Korea, in consultation with the U.S. and China, somehow has to define what constitutes the red line. This has not been mentioned or analyzed or discussed in any explicit way so far, but somehow South Korea now has to come up with a concept of what red line constitutes. It doesn't have to be publicly announced, but it has to be conceived.

Third, I think South Korean government, down the road in my view, should announce a no-say, no-assistance principle. I think South Korea should get involved, should have a direct say in the process – otherwise, North Korea should not expect any direct assistance program from South Korea at the least.

And then, when the format – whether it is a three-party, four-party or five-party or more, whatever the format is, I think the fundamental outcome should concern whether or not parties involved can agree upon an irreversible and very viable program regarding terminating North Korea's nuclear program in exchange for some kind of regime and security assurance -- but non-aggression pact is not likely because it needs congressional approval.

But then again, the alternative would be some kind of communiqué between North Korea and the United States, but then again we have this precedent in the year 2000 there was a communiqué between Cho Myong-nok and Albright, which actually specified that U.S. does not harbor any reserve of intention against North Korea -- which has now been virtually nullified. So, I'm not quite sure whether North Korea will go for this, the similar thing once again, and again be nullified.

Well -- and I think this process of actually agreeing upon how verification program will be sorted out and what kind of reward will be given to North Korea in exchange, this will take a long time in my view. At some point down the road during this process, I think the missile issue as well as economic assistance programs will be added.

In conclusion I think premature pessimism is not warranted, because we are in for a very long, bumpy journey. So I think we – I would like to be hopeful, but very cautiously.

I will end there.

RICHARD BUSH: Thank you very much. Michael Swaine, Don Oberdorfer talked a little bit about the importance of China's role. I'd like you to sort of analyze that -- you know, where is China sort of lined up with the other parties involved in this, where is its position different? How is it viewing, sort of, North Korean behavior right now?

MICHAEL SWAINE: Well, I think China's position is certainly that it wants to see a peaceful resolution of this issue in a way that will reduce the chances of any kind of confrontation and will eliminate, ultimately, nuclear weapons on the peninsula. I think the Chinese are genuinely committed to that objective. They believe that this can be best handled through, ultimately, direct discussions between the United States and North

Korea, but they have recognized that they really need to play a more active role in trying to make that happen.

And so they have moved their position somewhat, from initially just pushing the United States on a direct bilateral discussion, to offering to host discussions between the two sides and facilitate that, to actually being involved in direct discussions among the three countries. To what degree they're going to actually be actively involved in the back-and-forth with the United States and North Korea I think, at this point, remains somewhat unclear.

I think they regard the situation as clearly a crisis of sorts. There was, I think, some time back, a view that the Chinese thought that North Korea was essentially using the nuclear issue as a card to gain a lot of concessions and other advantages from the United States without really developing a viable program and that there shouldn't be an overreaction to this kind of maneuvering on the part of North Korea by the United States. I still think they believe that -- they certainly don't want an overreaction by the United States, they don't want conflict over this -- but I think they take the North Korean nuclear program much more seriously now than they did some time ago, and that in part has motivated them to get more actively involved.

And I think the other issue that has motivated them to get more actively involved has been the Iraq war, and the entire context of that that suggests that the United States is certainly willing and able to use extremely effective military force, and they're concerned about that I think, and they certainly don't want that to happen. Where the differences lie are primarily over this issue of pressure and the right sort of methods and process to arrive at a lot of similar objectives to the United States in several areas -- and there they are not convinced at all that sanctions will work in dealing with North Korea -- certainly not a sanctions-led policy and an open sanctions-led policy.

They believe very much that North Korea is a regime that is highly insecure, feels highly isolated, and that you don't want to try and pressure them because they are just as likely to overreact and lash out in some way as they are to become more cooperative. In fact, they're more likely to respond the former way. And I think they also -- the Chinese feel that if you get the dialogue going, gradually if you introduce other -- involvement by other countries, particularly South Korea, that you have a higher chance of succeeding.

And their -- the Chinese I think have a very acute sensitivity to their position relative to the South Koreans because I think they ultimately believe that the Korean Peninsula issue is going to likely be unified on the basis of South Korea's regime -- that there's going to be an absorption of the North by the South -- and that they have improved their position radically in recent years with South Korea across the board. It's really a major, major success story in China's diplomacy, and they don't want to do anything that is radically out-of-synch with South Korea's views on this issue. And so, they have significant agreement with the South Koreans on the need to have negotiations, the need not to press the North Koreans too far.

And one other point is the Chinese have, I think, shown that they are willing to put some pressure on North Korea -- most recently indicated by their supposed, for technical reasons, cessation of oil shipments for a few days to North Korea, which I think sent a very clear signal to them. So they're certainly willing to do that; they just don't want to raise this up to a level where it leads the strategy in dealing with North Korea, and I think as long as South Korea has that same view -- and they probably will for some time -- I don't think you're going to get much change in that perspective from the Chinese viewpoint.

At the same time I would say that I think a successful solution to the problem really does require the kind of coordination, among all the powers concerned, over the process of negotiation. There certainly has to be involvement by not just the Chinese, but the other powers as well: South Korea; probably Russia; certainly Japan; to understand how far to go in placing certain things on the table with North Korea, and then how to respond to certain responses that you're going to get from North Korea.

And there, if you can achieve this level of coordination, there is the likelihood that the Chinese would be more willing over time to adopt more pressure on North Korea, if it thought that the strategy had really reasonably proceeded to try and exhaust or test North Korea's willingness to give up its nuclear program -- and if North Korea refused consistently to do this over time, I think the Chinese could be brought along over time, eventually, to putting more pressure on North Korea. But it would involve an enormous amount of diplomatic finesse, which I'm not sure the parties involved are capable of at this point.

MR. BUSH: Let me ask one question that was provoked by Marcus Noland's discussion of sort of quote, unquote, "the Chinese model." He seemed to indicate that perhaps it was not applicable to North Korea because the economic structure in North Korea is more like Romania than it is in China circa 1978. Do you have any sense whether the Chinese draw those distinctions, or whether they think that if only North Korea would follow our way everything would be fine?

MR. SWAINE: I don't get much of a sense that they make that kind of a distinction. What I've been told consistently over time, and talking with Chinese about this, is that they believe that their model of economic reform can in various ways be applied by the North, and they have encouraged them to do that. It's not that they think it should be accepted lock, stock, and barrel; but they certainly think they could have moved in certain areas, as the Chinese did, in a staged way -- to gradually liberalize elements of the economy, and gradually open it up to the outside world.

And that's one area where I think they have been enormously frustrated, although the North had shown -- prior to the emergence of this now more recent crisis -- had been showing more interest in adopting certain areas or certain aspects of the reform process in China. They had been sending more people over to China -- scholars, analysts, who had been actually residing there in various places in China -- to study the process. There had been more positive interactions, I was told, about this, and there has been some, of

course, indications that North Koreans had begun to initiate some types of changes. But it has really been more on the sorts of form than it has been in substance thus far.

MR. BUSH: Okay. Let's turn to Jim Przystup and the perspective from Japan – how are they positioning themselves vis a vis the United States and others, how do they define the situation, how would they like to see it resolved? And I'll also give you a chance to comment, if you want, on some of Michael O'Hanlon's observations on the military side.

JAMES PRZYSTUP: Okay. Al Song talked about being a cocktail party 10-minute expert, and I want to take a slightly different model in this presentation, based on my former experience as a south side of Chicago bartender, where – (chuckles) – the conversation was generally direct and to-the-point. And I'll probably be even shorter today because I left my glasses in my car this morning, and looking at my notes – it's really difficult to decipher.

And I'll begin with a double disclaimer, of course -- the traditional one from the National Defense University, that these views are my own and do not represent those of the Institute for National Strategic Studies, the National Defense University, the Department of Defense, or the U.S. government. The second part of this of course is these views do not represent those of the Japanese Foreign Ministry, the Japanese Defense Agency, or the Office of the Prime Minister. (Laughter.) That said – (chuckles) -- let me begin.

Now, the first question that Richard asked was – asked me to address was, how dangerous is this situation as seen in Japan? And I think the answer is: very. I think this was underscored recently by the testimony of the head of the defense agency, Mr. Ishiba, in the Diet when they asked, well, what if our intelligence picks up a picture where the North Koreans are fueling a rocket and it has Japan written on the nose cone, what do we do about it? And the defense minister said, nothing, we can do nothing – we are defenseless in this context – and that, I think, really brought home the issue to a lot of Japanese in ways they had not thought about this before. And we've seen subsequent talk about preemption, the need for a first strike offensive capability, talk about tomahawks, mid-air refueling – and mid-air refueling is going to happen some time towards the end of this decade – and so they're looking ahead at this as a real national security problem.

How to they assess North Korea's capability? Well, I think they have come to the conclusion that, basically, North Korea has nuclear weapons; that it has not only nuclear weapons, but it has delivery systems to bring them to Japan, and the – of course the Taepodong launch of August 1998 is a real case in point, the recent threats have brought that home along with other test firings of missiles into the Sea of Japan -- this is a pretty scary picture.

And I think they've also come to the conclusion that the North Koreans have nuclear weapons to have nuclear weapons, and not to trade them. They're there as the ultimate life insurance policy for the regime. This is a survival-focused regime, and the

weapons are made – have the purpose of keeping the regime around. And I would say that the Japanese probably look at this and say, you know, if you look at it from North Korea's perspective, the value of these nuclear weapons has probably only increased after Iraq, because the clear message of Iraq is going to be: if you have got nukes, well, U.S. hasn't dealt with you yet; and I think the hedge is, we're going to keep them to keep that hedge.

I think the Japanese are also very suspect about any North Korean attentions with regard to market reform and market opening. I think there's great skepticism that the North is interested in the kind of economic opening and reform that Tokyo might be interested in. And so I think we're going in different directions, when we think about it, conceptually when we talk about reform and opening.

As for the Bush administration -- well, how do they feel about the Bush administration's policy? Well, I think they have been reassured, at least publicly in the president's statements, that the administration has focused on resolving this issue diplomatically -- and the president has contrasted Iraq and North Korea, and that some situations will be dealt with militarily, others will be dealt with diplomatically. And so I think there is a degree of reassurance that we are going to try diplomacy first, before anything else. But I think their concerns are, even in the context of diplomacy, one is the trilateral coordination with the ROK, which I think may -- particularly with the government in Seoul, I think they're concerned about the ability to maintain the coordination that could allow for a Perry process.

And I think they're also concerned about what -- how, and when we are going to play them in to this broader multilateral framework. I think they remember very well the Agreed Framework, the four-party talks on the Korean Peninsula in which they did not participate, and I think -- with the nuclear question right at the core of this -- they are very much concerned about being included in the diplomatic process as it moves ahead. I think they're also concerned very much about the statements that came out of the Pentagon, and out of the office of the Secretary of Defense, about the drawing out of U.S. forces on the Korean Peninsula, but the reality is -- I think we all understand that it's very difficult to deal with the Korean Peninsula --

MR. BUSH: Jim? Could you find your mike, I think it has --

MR. PRZYSTUP: I think it fell off, you're right.

MR. BUSH: Thanks.

(Laughter.)

MR. PRZYSTUP: And I think they're very concerned about being -- you know, the concept of dealing with the peninsula in a vacuum. I think it's exceedingly difficult to do, the Japanese see talk of troop draw-downs, changes, transformation of the peninsula as directly effecting the nature of the U.S. presence in Japan, on Okinawa. And

I think, when we think about this, I think we really need to have a broader strategy that links transformation, the global issues, and takes it into a regional context. And I think to me the pattern that we need to keep in mind is what we did in the first – first administration, Bush administration, did with the East Asia strategy initiative, which kind of laid out a 10-year timeline about strategic change in the region, how we would go about it. And that allowed the different countries in the region – our allies and friends in the region – to understand change and to play into it, so I think that's something to keep in mind.

What's the best way out? Well, I think for the Japanese the best way out is kind of a fairy tale solution where the North Koreans turn in their nuclear weapons, open to reform, and we all live happily ever after. Getting from here to there, I think, is kind of viewed as mission very difficult if not impossible. And beyond that, you know, there are other issues that directly effect the Japanese relations with North Korea. The issue of the abductees is still out there, there's drugs, there's counterfeiting, there's spy ship incursions in which drugs and counterfeit currency has come into the country. So this is a very difficult relationship to manage.

Now, two quick points that I wanted to pick up from the previous discussion, and the first one dealt with – let me see – why did the – why did Kim Jong Il come clean to Koizumi and Kelly? Well, I started thinking about this, and you've got to put it in a larger context. The first context is, North Korea's economy is in really bad shape overall and it's probably getting worse. The second context is of a Charlie Chaplain movie, where Charlie's in the factory and he's pulling all these levers to see which one is going to work.

So in July he tries economic reform and price decontrol and liberalization, and that turns into a disaster – there's nothing behind that lever. So then he says, oh, we will try another lever: let's try Japan. And this is kind of like the Rumpelstiltskin strategy, where you trade 10 bodies for \$10 billion – and so he goes to Koizumi and says, so I have a deal for you. And he pulls that lever, and Japanese politics say, no, that doesn't work either. And then he says, oh, we'll try something else – we'll try South Korea. And if you look what happened at the end of August, the beginning of September – North Korean delegations were in Seoul and they were talking about reconnecting roads and reconnecting railroads and Kaesong as a special economic zone – big, big think items. And I think what they were really doing was hedging against a conservative victory in December. And so, I think the thinking was, well, if you connect these roads and railroads, even if the conservatives win there's no way that they're going to disconnect these roads and railroads – and so we're building in insurance policies against the outside world by linking up with the South.

So that's September, and then comes Kelly in October. And I guess my take on why they came clean with Kelly is they read too many grand bargain op-eds, and they figured this was the time to make a deal – and Kelly said, well, sorry gang, no deal this time. So that's kind of my view on what happened, and why did he come clean. They're

trying everything – they’re pulling every lever they possibly can to get some traction, to try and get some connection – and it hasn’t worked.

The Yongbyon option is the other thing that I wanted to talk about, and I agree with Mike that getting at Yongbyon is not going to take out the nuclear weapons, it’s not going to take out the HEU program, and getting at Yongbyon essentially only gives us half the problem. But I’m starting to think about the other part of the equation that Mike raised, and that’s North Korean retaliation against Seoul. And the more I started to think about this and the more it seemed that Yongbyon was a big, fat target sitting out there – and Kim Jong Il is kind of like Dirty Harry, and the message is, go ahead, make my day. You’ve attacked Yongbyon, and we’re going to turn it around on you so fast, politically and diplomatically, that any concept you have of maintaining an alliance with the South – and particularly this government – is going to disappear very quickly. So when I think about Yongbyon, I say, yeah, we can do it but the consequences may be more than we bargained for thus far. Thanks.

MR. BUSH: Thank you very much. Professor Lukin, North Korea, or the Korean Peninsula, has been a major issue in – or major initiative in Russian diplomacy, and I wonder if you would enlighten us on how Moscow views the situation, what it sees its interests are, and how it is pursuing it.

ALEXANDER LUKIN: Thank you very much. First let me say that I am twice happy today: first, that I was invited to such a learned panel – thank you for inviting me – and second, that I don’t have to speak for North Korea, just for Russia. (Laughter.) To speak for Russia is not very easy, but there are much messier places in the world, so it makes my task easier.

So let me first say that Russia officially and unofficially has two fundamental interests in Korea – concerning the Korean Peninsula – and this has been announced by the Russian government representatives not once. First, that Russia does not want weapons of mass destruction there. Russia is part of control over the weapons of mass destruction all over the world, and it is, of course, particularly interested from this point of view in the North Korean situation, because North Korea is on the Russian border – is a Russian neighbor.

The second fundamental interest is that there is no war in Korea, and there are several reasons for this. One is the general Russian understanding of the situation – the current international situation – and, speaking bluntly, Russia does not want a world where the United States can strike anybody at its own will, and without consulting anybody – that’s not the world we are looking for. And this is the Russian official view of the future world, is that it should be a multi-polar world, and we share this idea with China and I think with France also.

So the second reason is more practical, that if there is a war near the Russian border it will be a terrible disaster, and nobody knows what might happen. We don’t want a nuclear cloud to come into our territory, we don’t want, you know, thousands of

hungry people fleeing to our territory, and neither do other neighboring countries. And then some people in this – in nice rooms like that will be sitting and announcing that it has all been done to free the North Koreans from an oppressive regime and to create democracy there, and we will be cleaning the mess. And of course, both North Korea and South Korea are our partners, including – and economic partners, we have several interesting economic projects there. One example is the building of a trans-Korean railway, for example. So generally, we want -- Russia wants a friendly and cooperative situation on its borders.

So how to proceed with settling the weapons of mass destruction problem in Korea and how to settle current situation there really does matter to Russia. If the United States and North Korea come to some conclusions and to some kind of settlement on the bilateral level, it will be good. If three-party talks are needed, like we're having now, in China, this is fine. If somebody wants to include Russia it would be also fine. So the result is important.

All this does not mean that Russia has no ideas on how to go about with this, it just doesn't insist on that. The Russian proposals were first what our Foreign Ministry officially calls a package deal, which is basically a solving in package the problem of WMD, the problem with, shall I say, the security concerns of North Korea, and the North Korea concerns about energy -- there's a kind of official language that the Russian Foreign Ministry uses. And the second proposal is that we would prefer multilateral talks. We don't insist on them, but we think that it's a more reasonable way of solving the situation. And the reasoning for this is that there are much more problems than just WMD problems there, and many more parties concerned. For example, this month the deputy foreign minister of Russia in charge of this area said that Russia supports the Japanese proposals of the early 1990s about six-party talks.

Actually, he also admitted that the side that is against it is North Korea. He said that we approach North Korea saying that we are ready to give some kind of guarantees to you under certain conditions, but they refused. Well, I personally think that it's not a very reasonable position, but you don't really speak reason when you talk about North Korean government. It is unreasonable because I don't think that United States security guarantee would be very valued – would be of a great value to them. And it was said here in the morning that China was the only country which can press South Korea to fulfill the agreement, if the agreement is reached with the United States, but the other thing is also right, that China and Russia are the only – if China and Russia think that North Korea disarms, these are the only two countries that can really prevent the war -- and it would be very easy to do if there is a will to do that. So I think Russia and China can give a reasonable guarantee to North Korea, so why they refused is not very clear to me.

And I just want to say a few words about a more general understanding of Russia, of the future of the situation in Korea. I think that most people in Russia understand very well that North Korea and South Korea are going to unite and be one country sometime.

We cannot say if it is going to happen in one year, five years, or twenty years; but it surely is going to be one country. And it surely –

MR. BUSH: Can you speak a little bit louder?

MR. LUKIN: Ah, okay. And then it will surely be a country that's – let's put it this way, will be more like current South Korea than more like current North Korea. But at the same time it is also understood in Russia that an abrupt unification will be a disaster for – will probably be a disaster for Korea and for its neighbors because of the great gap between North Korea and South Korea. It will be nothing like – if we compare a situation like this, it will be nothing like Czechoslovakia, because Czechoslovakia was a quite developed country. It will be more likely like Romania, or I would say much worse than Romania -- and of course, the neighbors will take the consequences.

So it was said in the morning also today that totalitarian regimes does not change without pressure from the outside. I don't think it's entirely correct. Actually, I think – actually, if you don't call the entire international situation pressure – if you are talking about just military pressure, no totalitarian regime changed under military pressure. Military pressure can only consolidate a totalitarian regime. We saw it in Iraq, for example, in Yugoslavia also, but more contacts, more engagements change people's thinking.

So I think that neighbors of North Korea understand it very well. That's why South Korea is seeking more contacts with North Korea, and this is also position of Russia. And for this reason I think that Russia is going to coordinate its activities and its policy towards North Korea, mainly with other North Korean neighbors; namely, and first and foremost, South Korea, and then China. And we, of course, are ready to work with the United States and to talk to reasonable people in the United States, but the United States is too far to understand the whole complexity of the situation, especially the current government, I think so. So I think we are – and we are already coordinating very closely with both South Korea and China. Thank you very much.

MR. BUSH: Okay, thank you very much. The floor is now open to questions. We have about half an hour before we close. Please raise your hand and wait for the mike, and identify yourself. I saw the first hand in the back, Jim Goodby.

Q: All right, Jim Goodby, Brookings Institution. I wonder if the speakers, perhaps collectively, could address the question of the Agreed Framework. I haven't heard that discussed yet today, and to my mind it is an issue – do we reinstate it if everything goes well, do we continue funding and building the two light-water reactors, does KEDO keep doing what it's doing? How do you all read this in light of the changed circumstances in recent months?

MR. BUSH: Anybody want to take that on?

MR. PRZYSTUP: I think they put the spike right through it. (Chuckles.) I don't think it's coming back to life. There may be another form of energy transfer, but it's not going to be the Agreed Framework. At least, from what I understand of the administration's position, the position on the Hill – I think it would be very difficult to see a resurgent Agreed Framework.

MR. BUSH: Do you want to speculate how it might be folded into something different?

MR. PRZYSTUP: Well, I think, you know, if you're going to get to the "Let's Make a Deal" process," and you know, door number one is you trade in your nuclear weapons and door number two is the great economic future, and behind door number two is some kind of form of energy supply -- and I think that's the way it would be folded in. But getting to door number two, I think, is going to be a difficult, very difficult problem.

MR. BUSH: The gentleman back there?

Q: Hi, this is Chong Hyun-Kim, Washington correspondent working for – (inaudible) – of Korea – of course, South Korea. And I have two questions, mainly for Michael Swaine. As you mentioned, China seems to have started playing a very important role to resolve the current crisis in Korea. And my question is, how much, do you think, that China going to play that role – to what extent and how long? Do you think that China is going to do that job, or role, after this first step of dialogue is finished?

And my second question is, what kind of political system and ideological identities does China think, and expect, for the future of Korea, when the South and North Korea is unified? Thank you.

MR. SWAINE: Well, I think China's role in all of this is going to be a critical one. It has already become pretty evident that, I mean, it's the only country involved in this process that has reasonably decent relations with North Korea, although they're not the best by any means – and, I would say at this point, better than reasonably decent relations with the United States. And of course it has some significant amount of leverage in dealing with North Korea. So I think it's definitely wanting to play a role here that can facilitate the kind of deal that I think it believes is necessary in order to solve the problem.

Now, that doesn't mean they're going to take the lead in bringing out proposals -- and certainly not, on a public level, are going to be making statements to try and guide this process. They're going to say in, I think, very much in the lower profile and try to facilitate in the dialogue some kind of deal to get control of this situation. I don't think they're going to want to get into – a lot will depend on how this thing unfolds as to how the Chinese play a role in it. They have certain kinds of, I think, concerns and priorities that they want to see observed as this thing unfolds. They don't want to get into a

situation where there is an effort to try and start muscling the North Koreans early on, that's obvious.

At the same time, it's unclear at this point how far they're willing to go in dealing with certain very fundamental issues that are going to come up if they get to the point where they do try and strike a basic bargain here, where the United States is willing to talk very substantively about trading certain types of assistance and guarantees for certain responses from North Korea. And one big issue will be the question of verification: what type of credible verification can be made to ensure that the North Koreans will, in fact, give up their program if, in fact, they get to that point where they agree to do that. There could be a significant difference over that, because – between the United States and China because I think there will be a fundamental difference between the United States and North Korea over this issue. And how will the Chinese play that issue, as this thing goes along, I think could be really very critical.

Another one is the question of the level of security assurance that the United States might be willing to give. North Korea will want more than the United States may be willing to give. In that role, the Chinese – it's unclear how they will come down on that, what sort of position they may want to take on that, and pressure the North, if at all.

And then the whole basic question of sanctions, ultimately -- if the process unfolds in a way that shows that the best efforts have been put forward to offer the North Koreans things that the Chinese think that are very reasonable, and that the North Koreans, in fact, have responded by not being very reasonable on this -- then the question becomes how far do you go in putting pressure on the North Koreans to get them to agree to a deal? And in that area, too, I think the Chinese again will be faced with a question of trying to balance between wanting to see – to avoid North Korea being pushed into the corner and wanting to see some kind of resolution of the issue.

Now on the second issue, of long-term future for the peninsula, I think the Chinese ideally would like to see – in my view, they would like to see a reunified Korean Peninsula, non-nuclear, and one that is very positively disposed towards the Chinese, clearly -- not a Korean Peninsula that has a very close strategic relationship with the United States or Japan. At the same time, I don't think the Chinese are driven by that vision in their diplomacy and in their thinking. I think they're more realistic than that. They believe that there's a lot of hurdles that have to be overcome before you get to that, and their priority is, I think – or their preference rather, would be to establish some kind of stable status quo on the peninsula for the time being that would ideally allow the North Korean regime to transition to greater reform and to become a more viable entity, and also a more flexible entity; again, along the lines of the way China has evolved over the last 15 to 20 years. But certainly, in both cases, they want to see a non-nuclear peninsula for a whole host of reasons. I don't think that's just rhetoric; I think they're very committed to that objective.

MR. BUSH: Gene Martin?

Q: Gene Martin, consultant on East Asian affairs. I guess the dilemma is that everybody wants to have multilateral talks except the North Koreans, and they're the ones that would like to talk only to the U.S. -- and President Roh, of course, now is under criticism domestically for not being part of the -- in the talks. I guess the question is that we don't trust the North Koreans, the North Koreans don't trust us in terms of a non-aggression pact. So at some point, it seems to me you're going to have to have some other people backing up whatever we might or might not agree to, in terms of assurances for North Korea, whether it's Russia, China, South Korea, the U.N., whatever it may be -- which I think historically is quite ironic.

But I wonder if the panelists would like to talk about, how do we get to where we are now to trying to figure out a way in which North Korea can be assuaged? I'm not sure they can be, because I'm not sure that the non-aggression pact is really their end game -- particularly since they exclude South Korea and exclude others from having private talks.

MR. BUSH: Does anybody want to take a shot at it?

MR. SWAINE: Well I mean, this is really similar to some of the other comments I have just made. I think that the only way, in my view, that you can proceed with this is to establish a process of interaction with the North Koreans where you can test their intentions ultimately, and then be able to respond to whatever those -- whatever you judge their intentions are. And so that means -- and that requires, I think, that there's got to be coordination, consultation, acceptance -- or at least acquiescence by the other powers involved, including the South Koreans, certainly the Chinese, certainly the Japanese, and probably the Russians -- in understanding the basis of trying to test this proposition with North Korea, because all these countries are agreed on the need to have some kind of movement here that leads to a non-nuclear peninsula and are willing to consider, very much I think, giving an assistance to the North Koreans of some kind of an offer.

So some kind of a larger 1994 Agreed Framework is, I think, inevitable in some way if you want to try and test this proposition. But in order to be realistic, then, about how you deal with that, you've got to make sure that most all the parties agree that you have given this the best-case effort you can do, and if the North Koreans are even then unwilling -- and they're showing that they're going to keep a nuclear deterrent under any conditions -- then at least you have a better basis, having developed this coordination, to then have support for using other means to try and deal with the North. Because if you don't have that kind of basis going into this, and the testing is, sort of -- it's very based on U.S. beliefs and U.S. assumptions about what should happen, then the chances you're going to be able to apply something later on -- more in the way of pressure, sanctions, whatever -- are much, much less I think, because it will involve coordination by all of the powers to deal with that issue.

MR. BUSH: Jae Ho? Please.

MR. CHUNG: About the exclusion of South Korea in this current three-party talks, I think that does not really contradict what South Korea has originally proposed. My understanding is that the so-called road map, that was presented earlier by South Korean foreign minister to the United States and other countries – that, at some places, that involved allowance of a lot of different formats, including three, four, five parties. Main purpose is just to promote the atmosphere for dialogue. So I don't think what is happening in Beijing right now necessarily contradicts South Korean government position, despite the outcry in Seoul. But down the road I think South Korean government should be represented in any format that is responsible for producing any agreements.

MR. BUSH: Jim?

MR. PRZYSTUP: Yes, just a comment on the point Mike was making is that, you know, this has been at the heart of our diplomacy toward North Korea going back a decade. It was always let's make a deal, can we test, mistrust, and then verify – and that's what has consistently been the driving force behind our diplomacy. And I guess, having watched it happen, I'm very pessimistic about the way it all plays out.

There was an interesting article about – last November I was in Seoul, and there was an interesting article that was in the press, an op-ed, and I think it was a fair analysis of the evolution of policy towards North Korea. And he said – the writer said, well, the Agreed Framework was a sticks-and-carrots policy, or carrots-and-sticks policy, and the Perry process was bigger carrots and bigger sticks. And he said, the problem with that is that – this is a South Korean writing – is that, the problem with that is that, what happens is that Kim Jong Il eats all the bigger carrots and he knows we don't really have a stick, so he's just going to move on and do what he wants to do. And so his solution to this was a policy of no carrots and no sticks. In other words, if you think that nuclear weapons are better for you than Cheerios for breakfast, well, go ahead and spend the money on nuclear weapons – just don't export them.

That will be -- I think, when we talked about defining red lines, that's the key issue, I think, we have to come to grips with. And, how do we define a red line, knowing that if you define it, you have got to enforce it. And I think this points to the degree of difficulty when we talk about multilateral coordination, this kind of a security policy that we're really faced with.

MR. BUSH: David Brown?

Q: David Brown from SAIS. I certainly endorse the idea that we need to have a new process of testing what North Korea's intentions right now are. But I'd like to pose a question, which is based upon the fact that the various panelists have described different assumptions about what North Korea's current status is. Jim and Mike seemed to talk as though it's understood that they have nuclear weapons already, and that is a different red line; whereas, I think, Jae Ho and maybe others don't accept the fact that North Korea right now has nuclear weapons.

My question is, if North Korea moves ahead and takes certain steps – begins reprocessing, and there is a story in The Washington Times this morning that that was the message they conveyed to Jim Kelly yesterday, whether they did it or not I don't know, but that's what the Times says. Let's assume they take that step, or if they go a step further and test a nuclear weapon so that they are very obviously a declared nuclear weapons state. How do those steps affect the views – attitudes of the various countries that you are helping us understand? Thank you.

MR. BUSH: Why don't we start here and work down the –

MR. CHUNG: That's a very tough question first of all. Actually, if you ask me what my position on the current status of North Korea's nuclear program, my answer would be I don't know. I do not necessarily presume that they do not have it, I just don't know. I just don't have the privileged information as to whether they already have it, or if they have it what kind of stage they are really at – is it really at the so-called weaponization stage? Or are they really simply having the materials that can be used to produce weapons? I just don't know.

South Korean government position on this is not known yet. Once North Korea declare that they already have tested nuclear weapons -- but my guess is that – which is speculative, of course – is that there will definitely will come forth with some kind of idea of managed penalty. I hope that doesn't reach that stage, and certainly not to the pre-emptive action that Michael O'Hanlon was talking about, but I think – at that stage I think that might be necessary, because, for the last five years under the Kim Dae Jung administration, I think we have used and implemented sunshine policy. I think a lot people are supportive of that because we have never done it before, and using it and experimenting with it for five years actually gave South Korea a certain legitimacy for any other major steps it might resort to if engagement policy eventually does not work out. So now I think we are coming at a crossroads for the sunshine policy, or peace and prosperity policy, because it is time for us to impose certain quid pro quo requirements for North Korea, which we didn't have under the Kim Dae Jung administration.

MR. LUKIN: The official Russian position is that Russia has no evidence of nuclear weapons – that North Korea possesses nuclear weapons. And what happens if they announce that they do have nuclear weapons? Russia is very serious in cooperating with other countries on the nonproliferation system. So Russia announced many times – and the last time I remember it was a joint Russian-Chinese declaration signed in February of this year that North Korea should renounce nuclear programs and generally all weapons of mass destruction programs, and the United States should give some security guarantees.

So Russia is ready to work with other countries, with any countries, to make the North Koreans give up weapons of mass destruction. But in saying this, I can also say that it is also true that if and when they have nuclear weapons, the fact that we don't – the idea that we don't want any kind of war there is more important I think. So Russia will

also probably act in a way that there is no war, there is some kind of peaceful solution of the problem.

MR. BUSH: Michael?

MR. SWAINE: Well, I don't necessarily assume – (audio break, tape change) – have a certain number of nuclear weapons, and I'm not sure that the Chinese assume that either. But if the kinds of actions you just mentioned were to come to pass, obviously this would have an enormous impact on the entire negotiating process.

If the North Koreans are indeed intent on reprocessing and doing other things that represent, in some people's minds, crossings of red lines, then you've got a very different situation, I think, because from the U.S. perspective a clock begins that could result in – there are various estimates that the North Koreans could indeed acquire a certain number of nuclear weapons within a certain number of months. So then you have several options in talks with them. You can either try convince them to stop what they're doing, through carrots and sticks – and you have to acquire, I think -- the greater degree of coordination you can get with the other parties involved in that effort, the better the chances are that you can get them to stop that.

But if they don't, then you're really faced with a choice ultimately between two things: you either contemplate the idea of a military strike against North Korea before, indeed, the reprocessing can proceed further – despite the fact that this could not necessarily guarantee that you would eliminate the program; or you decide that that is just simply an impossibility, and you opt for option two, which is you try to live with a nuclear weapons capability and invoke some type of quarantine, sanctions-based effort on North Korea to try and limit the proliferation or prevent the proliferation of any kinds of fissile material that would result from this process.

And that itself has enormous problems. It would require absolute coordination on the part of the countries involved, and even then the chances that you would be able to stop the small amount of nuclear material that it would take to build a nuclear weapon is – from what I'm told, from people who know much more about this than I do – is virtually impossible. So you would be faced with a very serious situation at that point. But some people, I think, in Washington and in the administration, believe that ultimately that may be the option that we're faced with in this. You're not going to get the North Koreans to give up the weapons, so you have to face either the issue of a military strike or the issue of a very messy type of quarantine effort.

Q: How do the Chinese feel?

MR. SWAINE: (Chuckles.) Well, I think the Chinese very much hope it never gets to that. I think they believe that a deal can be struck. If the North Koreans continue to ignore this and they just push forward, I think that would go very much against what the Chinese have been telling them they shouldn't be doing. And so the Chinese at that point will be faced with a very basic decision in talking with the United States, because I

hope, I think, the Bush administration would want to consult very closely with the Chinese on how to respond to this and not just take off on its own and say, well, this thing has been pushed so far, now we have got to do something about this. They should consult closely with the Chinese, and the Chinese will be faced with a big problem with this.

I'm not sure what they would decide to do at that point. I think they would certainly want to try and convince the North Koreans to back off on this and they might even be willing to apply pressure in this regard. I think that's a definite possibility. But if that doesn't work, where they would stand on the plan B options – I think they certainly would not go for a strike. I mean, I can't envision the conditions under which the Chinese would say, okay, this is just – we've tried everything, you know, hit them. That's just not going to be a viable option under any circumstances for the Chinese in my view.

So you're faced with the quarantine issue. In that area, they might be willing to try that for a period of time as they continue to try and pressure the North Koreans to perhaps back off the program.

MR. BUSH: Jim?

MR. PRZYSTUP: I think one thing the Japanese would not do is move towards any kind of nuclear weapons program. What I think they would do would be to move very quickly to cooperate with the United States in development and deployment of missile defenses, and to really look towards reassurance in terms of the alliance, as they have with regards to North Korea at this point. So that's what I'd be looking for the Japanese to do. They would not go nuclear but they would certainly move very quickly to deploy missile defenses and to increase and strengthen the alliance with the United States.

MR. BUSH: Steve?

Q: Steve Schlaikjer here with the U.S.-China Economic and Security Review Commission. Doctor Lukin has made a couple of comments about what Russia's attitude would be if North Korea were to go nuclear. First, in talking about the morning's conversation, he said that the best guarantors of a security guarantee for North Korea would be Russia and China. He didn't elaborate on what that meant, but then later he said that Russia would be even more concerned about war on the peninsula if North Korea were to go nuclear. So the combination of those two comments makes me think that he's perhaps suggesting that the real security guarantee for North Korea will come from Russia and China together, and the subtext to that – or behind that, is that Russia and China's strategic nuclear deterrents. Is that misunderstanding of what you said? But I thought that was maybe your implication.

MR. LUKIN: Well, I didn't say it was nuclear deterrent. What I meant is, it is true that – and I didn't say that Russia and China will give a guarantee, but Russia and

China can give a guarantee -- only on the conditions that there is a deal between the North Koreans and the United States, for example, that the United States goes its part of the road and the North Koreans should do something. And it was said here before, if the Chinese and Russians, if they're asked to do that, if they think that the United States has done what it had to do and the North Koreans didn't, they can pressure North Korea and they have means to pressure North Korea. But then they think that North Koreans have done what they should have done but the United States hasn't, then they can give a guarantee, and to prevent a war. And of course I was not saying that we are going to threaten the United States with nuclear weapons, but you know, there are all kinds of options to prevent the war because we have a common border. I mean, send there a couple of S-30 anti-aircraft device and there will be no war I think.

MR. SWAINE: Could I, just to comment on it, I don't think the Chinese would in any way participate in an effort to bolster North Korean security in the face of an adverse U.S. position; that is to say, if the United States didn't provide the adequate security guarantee that the Chinese would take on that responsibility if that involved any substantive types of behavior on the part of the Chinese in actually protecting the North Koreans with military deployments or very direct warnings or statements or other kinds of communication to the United States that North Korea needs to have its security assured.

I think it would be more in the line of trying to convince the North Koreans -- well first of all, a reaching of some kind of an assurance, a security assurance, that the Chinese think is reasonable, from the point of view of the United States and North Korea -- and then saying to the North Koreans, this is the best deal you're going to get and we feel that the United States is not going to go overboard on this, they're not going to attack you. We're reasonably sure that this is a good deal, this is the best deal you're going to get -- and use their persuasive power to say, we have been involved in it throughout the entire process, we think it's a credible security assurance, we don't think the United States is going to be, you know, unleashing some kind of pre-emptive strike against you. More than that I find doubtful the Chinese would do.

MR. BUSH: Gentleman back there?

Q: (Off mike, inaudible) -- of Kyoto News, Japan's news wire. I have a question to Doctor Swaine, could you elaborate on the status of the treaty between North Korea and China. I mean, that peace treaty, and how does it effect the U.S. decision, I mean, when the United States decides to do some kind of military option against North Korea. How does it -- does this treaty work in such a case? Thank you.

MR. SWAINE: I couldn't say with great confidence that I know the ins and outs of the North Korean-Chinese security relationship. They do still have a treaty in effect. I don't believe that the Chinese interpret this as obligating them to come to the defense of North Korea if they are attacked by the United States. I would find it very difficult to believe the Chinese would take that interpretation, and that they would invoke the treaty at any point along the way as a way of trying to deter the United States from attacking

North Korea. So I don't think it operates as a viable security mechanism for the North Koreans in any way. Now, some people might disagree on this, but I doubt very much that it's an active element in this.

MR. BUSH: Jae Ho?

MR. CHUNG: In 1994, Premier Li Peng, after his visit to Seoul, made a comment in Beijing that the security treaty with North Korea does not necessarily include automatic involvement of China in case of conflict with North Korea. But that doesn't nullify the fact that China can get involved militarily – under the circumstances, that would be defined by China itself -- so stretching the ambiguities there.

Strategic ambiguity. (Chuckles.)

MR. BUSH: I'd like to presume on the prerogatives of the chair to ask the last question, and pose it to Professor Chung. In about three weeks, President Roh will be meeting with President Bush in a summit, and I wonder if you would care to speculate on what might happen or how we should analyze that event when it occurs.

MR. CHUNG: A couple of things. I think North Korea's negotiation behavior is like the escalators in Metro, so you need work on this one today and that one tomorrow. (Laughter.)

So I think the most likely outcome would be the package deal. The package deal would presuppose multilateral talks, which involve more countries that will be more time consuming. So I don't what kind of agenda will be created for the summit -- it will be evolving.

Second, I think the cancellation of Vice President Cheney's trip to Korea is, in a sense, unfortunate, because that might have created a very convenient context where President Roh Moo Hyun could have familiarized himself with what is going on in the White House and some corners of Washington.

Since it is a working trip, not a state visit – a working visit, not a state visit – so hopefully some kind of working relationship between President Bush and President Noh Moo Hyun will be created. I'm not quite sure. Both people, in my view, are very straightforward people, so if something goes well with their personal chemistry I think that will continue. And I think President Roh Moo Hyun likes to have a very personal feel about things, so if something goes well during the trip I think that will be very positive. I certainly hope that his summit with President Bush will go much better than the one by President Kim Dae Jung three years ago.

MR. : It couldn't go worse. (Laughter.)

MR. BUSH: We've come to the end of our time. I would like to thank each of the panelists for their participation. I think we have had a very productive session. I

would like to thank again the panelists from the first session, but most of all I would like to thank the audience for your participation and intention, and your very good questions. This is a situation, to use Jae Ho's term, that will evolve in the days to come. And I hope that we all, as a result of today's session, will have a better sense of how to understand it and analyze it. With that, thank you very much and have a pleasant day.

(Applause.)

(End of Segment 2.)