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WHAT'S NEXT AFTER ROUND FOUR OF THE SIX-PARTY TALKS?

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C O N T E N T S

P R O C E E D I N G S

AMBASSADOR PRITCHARD: I am joined today by Dr. Jim Walsh and Mr. Richard Ragan. Together we're going to take a look at the current round of six-party talks and events in North Korea and we're going to try to offer our own analysis of what has led up to this point in time and, hopefully, to give you a glimpse of where we think events will be going in the near future.

But first, let me identify today's event as a project of the National Committee on North Korea in conjunction with the Friends Committee on National Legislation. We are extremely grateful to Dr. Richard Bush and the Brookings Center for Northeast Asia Policy Studies and the support it receives from the Korea Foundation for making today's event possible.

Your initial invitation talked about my role as the moderator and that might have given you the impression that I was going to turn today's panel over to our two distinguished guests and I would lead them in a discussion. Well, I need to give you fair warning. I'm also going to talk. So those of you who thought perhaps you're going to avoid listening to me, you know, fair warning. I'm here.

As I indicated, we're going to begin, but I'll give you my own assessment of how we got here and where we're headed. I'm going to be followed, first, by Dr. Walsh, who I think we're extraordinarily fortunate to have with us today. And as you read through his bio, you'll understand just the level of his experience and the impeccable credentials that he has. I'll just mention a few of those. He is the executive director of the Managing the Atom Project at the John F. Kennedy School of Government, Harvard University. Before joining Harvard University, Dr. Walsh was a visiting scholar at the Center for Global Security Research at

Lawrence Livermore National Laboratory, one of our country's three nuclear weapons laboratories. Dr. Walsh received his Ph.D. from the Massachusetts Institute of Technology.

When Dr. Walsh completes his presentation, for which you're going to have an opportunity to see some PowerPoint presentation from him, he'll be followed by a good friend of mine, an old friend. We worked together at the White House almost 10 years ago. It's been awhile. Richard Ragan. He's, as you may know, the director of the United Nations World Food Programme in Pyongyang. He's also the acting United Nations Humanitarian Coordinator for North Korea. Richard is the only U.S. citizen that is permitted to live in Pyongyang, North Korea. And so he's going to be here to share the things that he is doing, things that he has seen, and overall share thoughts with us as well.

And as you look at his bio, you'll see that he has had a number of WFP-related positions. Additionally, he has served, as I mentioned, on the National Security Council during the Clinton administration and as a deputy administrator for USAID. He also worked in the Pentagon and on Capitol Hill for former Deputy Secretary of Defense Les Aspin. But Richard started his work as a Peace Corps volunteer in the Philippines, spending three years with a highland tribe in northern Luzon in the 1980s. I have my own suspicions, but I've got a feeling that in his time off, he heads back up there to get rejuvenated with the tribe there.

But let me, if I can, kick this off by giving you my own view of how this round of six-party talks got to where we now see it. Let me put this into perspective. Many of you know that for the last couple of years I've been a very strong critic of the Bush administration. So let me jump to the end of the conclusion and tell you I judge this round of talks, even at this recess point, as a resounding success. Now I'm going to tell you why I believe that, why I think we got to where we are, and what I hope the future will present for us.

But I think there are, in my opinion there have been three levels of changes that have taken place within the administration that are responsible for what we're seeing or what we saw happen over a 13-day period in Beijing.

The first and foremost is an assessment that had to have taken place, with the president involved--and I believe this probably was a small group of close advisors that took a look at their policy over the last couple of years, maybe even the first full term of the four years of the Bush administration, and suggested to themselves that this is not going in the right direction. Another word for that is "failure." But give them credit that they have changed direction that they have decided to do something different.

That led to the second level of change, which I think is extraordinarily important, and that is the position of Condoleezza Rice as secretary of state. In her former role as national security advisor, she was not at the center of Korea policy. She was not in charge of implementation of the president's foreign policy. But now, as secretary of state she is in the forefront. She wants to succeed.

I think those combinations of the talks that she has had with the president, the ability to understand that a new direction had to have taken place before results could happen, that this is a serious issue has led us to a point that we get to my third level, which I think ultimately, really, is the most important for tactical reasons, and that is the appointment of Ambassador Chris Hill as the assistant secretary for East Asia and Pacific Affairs at the State Department, and most specifically as the head of delegation for the discussions with the North Koreans on the six-party process.

Chris Hill is a professional diplomat. He is a career foreign service officer. As you know by now, those of you who follow this issue, Chris has had some extraordinarily tough

assignments in Eastern Europe, where he was in charge of or participated in some extremely tough negotiations. That has given him the qualifications to be, in my mind, in charge of the negotiations on behalf of the United States. But he has at heart the instinct of a professional negotiator to engage, to look for ways around problems, to seek solutions, and to support the policies of the administration as he's been given them, and also to influence development of those policies. I think he's done a terrific job.

Now, the administration will point out that we've had a 13-month gap between the June 2004 third round of talks and now what started in mid-July and has gone on for some two weeks, 13 days, in Beijing. That is correct. And I'm not going to go into why that has occurred. We can do that in the question-and-answer or off-line, if you like. But I think what is most important is that there have been some events that have taken place that have come together to allow this round of talks to occur.

I attribute the constant pressure by the Chinese and the need for the North Koreans to manage that relationship as the fundamental reason why the North Koreans chose to come back to the talks. That requirement of maintaining a relationship with China is fundamental to the national well-being of North Korea. And they made that choice. I think they made that choice long before a couple of other events that I'm going to talk about occurred--not to minimize or downplay the two other events, but to tell you that even before these other events took place, my suggestion was the North Koreans have made a decision, they will be coming back, now they're looking for a way to justify that decision.

Two things have taken place, one of which you are very familiar with, and that is the visit by the South Korean Unification Minister Chung to Pyongyang, his meeting with the leader of North Korea, Kim Jong Il. The pronouncement by Kim Jong Il at the time that it was

his father's deathbed wish that the peninsula be denuclearized, I think that's extraordinarily important. He didn't have to make that a public announcement. He chose to do that. Had he not already made that decision to come back to the talks, we would not have heard that. He also said that they were prepared to come back to the NPT and accept IAEA inspectors.

You know, from a negotiator's point of view, those are terrific announcements by North Koreans that a U.S. or other negotiator should just grab hold of and pocket. You don't have to extract them from the North Koreans; they've been given to you. So it is extraordinarily difficult, if they wanted to--and I don't think they do--if the North Koreans wanted to begin to walk back their participation or their commitment to the denuclearization, they can't. A line has been drawn and it has been drawn above the grave, if you will, of Kim Il Sung, and drawn by Kim Jong Il. So I think that this is a commitment that we'll see the North Koreans stick with, certainly for the near term.

The South Koreans' decision to offer, as part of a potential settlement, 2 million kilowatts of electricity, certainly got the attention of the North Koreans, but I don't think this was part of their decision-making process. The South Koreans' provision of 500,000 metric tons of food aid was also useful, but wasn't part of the calculus of why they came back. So set that aside.

More importantly, in terms of why the North Koreans engaged at this point in time and why they stayed engaged--it's one thing to come back to the talks. It's quite another to stay fully engaged. And I think it has been the conduct of Ambassador Hill and what he has been allowed to do that is responsible for this two-week first-ever negotiations. I do not consider the run-up, the first three, to have been negotiations. This one was a true set of negotiations.

But what you saw was an administration that began to control the rhetoric, that began to talk in terms of Kim Jong Il as "Mister" Kim Jong Il, rather than some other derogatory terms that have been used; that was useful. The United States used the New York channel--you're familiar with this. This is a channel of communications between either Ambassador Joe DeTrani or the head of the Korea Desk at the State Department and their counterparts at the North Koreans' mission in New York, either Ambassador Pak, the North Korean ambassador to the United Nations, or Ambassador Han, his deputy permanent representative there.

But on a couple of occasions, they used that to convey in an official manner things that had been said publicly throughout a number of weeks and months previously in terms of the United States recognizing the sovereignty of North Korea. It's one thing to say it; it's another, then, to package that as part of an official message through official channels and present it to the North Koreans. I think that was important. The North Koreans in the past have complained bitterly about a lack of direct communications rather than have the United States go through the Chinese or publicly or some other place.

So this direct line of communications was important. What followed from there was some initiatives by Ambassador Hill and Ambassador DeTrani in terms of direct contact prior to the fourth round being announced or taking place. That was meetings that were held on the side of a conference that was held in New York at the beginning of July, end of June, first part of July, in which Ambassador Li Gun, the deputy for the negotiations for the North Koreans, attended with some of his colleagues.

Joe DeTrani met him off to the side there and they had two or three discussions. That was important. It laid the groundwork for a meeting in Beijing by Ambassador Hill with his counterpart, Vice Minister Kim Gye Gwan. That was an extraordinarily good piece of work

by Ambassador Hill--in advance, to sit down on his initiative and to get to know his counterpart. That struck a chord in the North Koreans. They had heard about Ambassador Hill. They have observed what he's had to say. But now they have a first-hand observation of how he would be dealing with them on a professional basis.

What followed thereafter--and the timing, I think, is significant. While I mentioned to start with that the North Koreans made this decision, in my belief, as part of the management of the relationship with China, this is a complicated relationship because they don't want to be seen as complying with pressure by the Chinese. So the Chinese had a senior-level delegate, a former foreign minister -- counselor Tang, who was scheduled to go to Pyongyang. Days before his arrival, the North Koreans announced, We're coming back. No opportunity for anybody else to interpret that the Chinese had arm-twisted the North Koreans during this senior level visit by Tang to Pyongyang.

So that's where I think we get the start of the six-party talks. The manner in which Ambassador Hill went about his business in both the plenary sessions and in the bilaterals with the North Koreans kept the North Koreans engaged over a 13-day period. I cannot say enough for the professional approach that Ambassador Hill has used in his conducting of the negotiations.

One of the things as an example. In July, after this meeting I referred to in which Li Gun was here, I went up to New York and spent a couple hours with him. And the North Koreans talked about the plenary session--and I've talked about this and others have as well, but let me remind you what it is. The plenary session of six parties with their delegations of eight to 12, or how many are there, in this session there with the interpreters--count them, 24--in the background and then rotating opening speeches there, the North Koreans were beside

themselves, saying, you know, we hate those things. They just bore us to tears. We know what everybody's position is in terms of their formal statements. Let's get beyond that. Well, that happens to coincide directly with Ambassador Hill's view of what ought to be done. And what you saw at the opening of this round of six-party talks was a 30-minute opening meeting and then moving straight into substantive discussions in which Ambassador Hill and others rotated through in terms of bilateral meetings.

The North Koreans, I think, were significantly impressed with this that they began talking about it. Now, you may have picked up a news item part-way through, coming out of Vientiane, Laos. The North Korean foreign minister was there, and a member of his delegation is talking or reporting to the press that Hill listens to what we have to say. And they marveled at that.

Now, for those of you that don't follow North Korea, that's not simply because Vice Minister Kim Gye Gwan picked up the phone and called his foreign minister in Laos. It doesn't work that way. The foreign minister is not the guy in charge of foreign policy. So that reporting would have gone from Beijing back to Pyongyang, it would have been evaluated, and then there would have been a report of some kind to the foreign minister, who was traveling, that said, oh, by the way, you should know things are going pretty well in terms of the ability of the United States and North Korea to talk to each other. That's very impressive that the North Koreans picked up on that.

One of the things that Ambassador Hill wanted to do, and what we're seeing and is in fact part of the problem that we have in terms of the recess, is he wanted to come up with a statement of principles to guide the process. If everybody can agree on what's important, then what follows in the serious negotiation will come far more rapidly. I think that's an admirable

way to go. Where we are now, though, is a diametrically opposed position on one issue. There may be some others involved, but the one which this process is hung up on is the peaceful use of nuclear energy by the North Koreans at some point in the future.

It is the United States' position that North Korea, while they may have a sovereign right to a peaceful nuclear system, once they've dismantled their nuclear weapons program, once they've rejoined the NPT and are in good standing, that they objectively have that right but the United States does not want them ever to exercise that right. And as part of the bundle of principles, they've incorporated that. The North Koreans are adamant about, If we go through this process, we should have the same rights as every other country in the world. We're hung up there, and I'll speak to that in just a second.

The other issue, which we didn't hear very much about but has been, in this round, reasonably well taken care of, is highly enriched uranium. The state department in the United States no longer calls it HEU. They've dropped the "highly" and they're just talking now about uranium enrichment, similar to the same thing. We get the reporting that the United States, at a point in time in this negotiating session, put on the table or informed the North Koreans of some of the evidence that they have gained from A.Q. Khan and elsewhere about the enrichment program as we know it. The North Koreans have still not acknowledged that, but the United States has seemed to be content in letting this issue be subsumed in the general language of "all nuclear weapons programs will be dismantled," and then this word "all" is where HEU will eventually fall. That's a smart thing to do. It should have been done two years ago. It has been done, the U.S. team finally has got it right, and they're to be congratulated on it.

One of the things--and I don't want to take up all the time here, so I'm going to truncate what I have to say because of the outstanding number of people that have come here

today. We're going to leave a lot of time towards the end for questions and answers. So if there are points we have not covered in our presentation, you should feel free to ask anything about that.

One of the things I do want to bring up is I want to go back and reiterate this peaceful use of nuclear energy. But I also want to talk very briefly about one other issue, and that is Japan. In this set of talks, where you had everybody rotating almost like a tennis tournament round-robin, going from one set of bilaterals to the other, what was missing during the 13 days was a bilateral meeting between the North Koreans and Japan. Didn't happen. And it didn't happen because of the North Koreans' reluctance to engage Japan on an issue that was announced by Tokyo, in advance, that the Japanese team wanted to talk about abductions--an extraordinarily important issue for Japan. But in making that announcement, the North Koreans simply said this isn't the time or place and we don't want to meet with you.

At the conclusion of the 13 days, there was, after the fact, a 20-minute meeting between Vice Minister Kim Gye Gwan and Mr. Sasae, the director general for Asian affairs, who's leading the delegation for the Japanese side. Now, what I want to point out, there's a mismatch here, in that Kim Gye Gwan is the nuclear guy. Kim Gye Gwan is the North America guy. He is not the Asia person. He is not the abduction person. They have a separate vice minister who handles that. So even if the North Koreans said, all right, let's talk about it, they don't have the right team to talk about it there. That's number one. Number two, I have a concern that if that type of we're-not-talking-to-you by the North Koreans to the Japanese carries over into the rest of the session and the following sessions, it will create a situation that is not conducive to the continuation of the six-party talks in terms of all parties having a participatory part about that.

But I'm most concerned about this peaceful use of nuclear energy. That is not, in my opinion, an essential element, a core element of what is important to the United States. We may very well not want the North Koreans to ever have a civilian nuclear program, and I think that is something that is negotiable down the road. But putting that in a bundle of principles up front is in fact extraordinarily difficult. It invites the North Koreans not only to dig in their heels, but to demand a proactive statement guaranteeing their right at the beginning of this. So this is an issue that is going to be revisited early when we return in three weeks.

Let me stop there so I can turn over the microphone to Dr. Walsh and let him make his presentation. Then following Dr. Walsh will be Richard Ragan. And then the floor will be ours.

DR. WALSH: Well, the good news is I'm going to speak briefly--unusually briefly, for me--because we do want to have lots of questions and answers. Before I do that, though, before I get to my presentation, I can't start without thanking the folks responsible for putting this big, bad event together, and that includes the Friends Committee and Jack and Brookings. I'm honored to be on the same stage with Jack and with Richard. These guys know a lot more about North Korea than I do.

I also want to thank the audience members. I mean, it's a miserably hot day in August and you've dragged yourself out here, and particularly to the members who are in the overflow room, who are not here with us but are watching on closed-circuit TV. That takes real commitment. So I really want to thank them.

And then finally, I want to thank the C-SPAN viewers who will be tuning in at some point. And I really want to make a personal confession here. This is a good opportunity to do it. I am a C-SPAN junkie. I can be seen at 2 or 3 o'clock in the morning watching some

obscure conference. But they say that, you know, admitting the problem is the first step towards recovery, and I hope that I've taken some steps that will resolve this.

Now, what I plan to do in my remarks, presuming my PowerPoint does in fact come up, is to do two things. One, I want to comment every so briefly on Jack's remarks. I endorse them wholly. I am in total agreement with him. But I do want to comment on a couple of things. And then I'd like to share with you information about my trip to North Korea. Few of us get to go to North Korea, and so I was able to go and I think it makes sense to share directly what was said to me with you and you can make your own evaluation of the positions that were staked out in Pyongyang.

But first, just in Jack's overall assessment. I just want to add my voice in saying that I also believe that this first round--or however you want to characterize it; this is the first real round--but the most recent round was a success. Rarely has a meeting that produced no agreement won so much praise. But I still think that it is worth praising. I think not only the conduct of Assistant Secretary Hill and Ambassador DeTrani was a breath of fresh air, was the right move, they handled a number of issues tactfully, deftly, but also I think credit has to go to Kim Gye Gwan and the North Korean counterparts, who also conducted themselves professionally, who stuck it out for the 13 days, and who engaged in professional negotiations. So I think both sides deserve credit.

I think the most important thing that comes from this most recent round is not that there was going to be an agreement--I didn't expect there to be an agreement after having not met in a year's time, given the difficulty and complexity of the issues. But what I hoped was that each side would demonstrate to the other, through action or words, that they were serious about wanting to engage in real negotiations. There was an open question, an open question about

whether the U.S. was serious about engaging or whether it was talk for talk's sake, for diplomatic advantage, what have you, and there were real concerns as to whether the North Koreans were serious. And my sense out of this first round is that both parties, both sides, come away from it with the view that there is something serious here. That doesn't mean it's going to be easy. It doesn't mean there's an agreement that all the issues are going to be resolved swiftly. But you can't engage in real negotiation if you think the other side isn't serious. That's the first prerequisite. And I think we may have met the first prerequisite, but, you know, you never should be too optimistic when it comes to this particular issue.

Now, having said that, let me proceed with what I did on my summer vacation, which was a June and July trip to the DPRK. I was invited by the DPRK government rather suddenly at the end of May. I was not the only American visitor. John Lewis, my colleague from Stanford, was asked to come. An Italian colleague of mine, Mauricio Martilini, was invited to come. So there were a series of us who came and were asked to visit and share our views about the nuclear issue and to talk with North Korean officials.

So let's get on with it. Let me give you just two minutes of background. I run a program at Harvard called Managing the Atom. We have been engaged now in dialogues with the DPRK for the last couple of years, slowly building the relationship a step at a time. We hosted Ambassador Han from the U.N. for an all-day meeting, then about a year later we hosted a four-member delegation from Pyongyang to meet with Senate staffers and members of the Senate to talk about the nuclear issue. And then this most recent step, my visit to the DPRK, was another in this series of what I think are ever-closer and more trusting discussions about the nuclear issue.

Now, when I was in Pyongyang, I had 16 hours of meetings with DPRK officials, mostly foreign ministry officials but also officials from the Korean People's Army, from the trade ministry, from other parts of government. I had five and a half hours with Vice Minister Kim Gye Gwan, which I thought was exceedingly generous on his part. And indeed, my treatment in the DPRK was very respectful. They couldn't have gone out of their way more to treat me seriously and with respect, and I very much appreciated that. I also had a chance to meet with officials who work on the North Korean issue in China, in the Republic of Korea, South Korea, as well as in the U.S. before and after my visit.

I returned from my visit and the DPRK, three days after I returned, announced that they were returning to the six-party talks. And gosh, I'd like to believe that I had something to do with that. You know, the timing is really good. But as Jack wisely points out, this was a decision that was made some time ago, so it was pure coincidence. I was, frankly, just happy that I didn't say anything that messed it up, you know, that I didn't go and dissuade them from their decision to re-enter the six-party talks.

So I will say that I thought my visit was a successful visit. That's my sense from others I've spoken with from the various countries that I mentioned. And we are going to move forward with this process. I invited Vice Foreign Minister Kim Gye Gwan to come to Harvard, to lead a delegation in the fall for further discussions of the nuclear issue with staffers and members of the U.S. Senate, and he generously agreed to that. And I suggested that I in turn reciprocate in the spring with a visit, again primarily of people from Capitol Hill, to go to Pyongyang again for further discussions. And that's been accepted as well. So this is a process that will go forward.

So what actually happened--other than my PowerPoint going strangely bicolor on me, tricolor? What happened? Well, I'm going to lay out for you very, very briefly the seven talking points that I heard repeatedly from DPRK officials, regardless of who I was meeting with.

One, they argued, or suggested, that Chairman Kim Jong Il has made a strategic decision, a brave strategic decision--this is their words--for a new relationship with the United States. They want to put 100 years of enmity behind and in this new century establish a new relationship. That's, again, their language. They want normalized relations; that's their key objective. And they say with an improved political relationship, all things are possible. They've said all along, Let's be friends, then we can work out the nuclear issue. And the U.S. position is, Let's work out the nuclear issue, then we can be friends. And both strategies, both philosophies have merit. They've both worked out successfully in the past, when you look at the history of arms control and disarmament efforts. But while they sound mutually exclusive, I think there is room for compromise here. And that is, you do it in stages, you do it in phases, where actions are taken, words are spoken, trust is built over time, and I think both sides see that as the path to go.

The other point they made is that they're willing to abandon nuclear weapons if the U.S. ends its hostile policy--I'm sure none of you have heard that before, the phrase "hostile policy"--and the DPRK seeks complete denuclearization of the peninsula and perhaps even the region, even Northeast Asia. We'll talk more about that in a moment.

Third, the U.S. is sending confusing signals, they're not serious regarding the negotiations but we, the North Koreans, are serious. That's what they told me prior to the re-entry in the talks. The other points they made is that, as Jack pointed out, they're prepared to re-

enter the NPT and submit to IAEA inspections--which sounds great and it is great, but the hidden message there is you only have IAEA inspections if there's something to inspect, and what they really want is a light water reactor. They want that reactor that they didn't get as part of the Agreed Framework, lo those 10 years ago.

Five, they repeatedly stressed that they are unified as a country. They are not Eastern Europe, they're not just going to get up and fall apart. Regime change will not work, and they're not going to be coerced into a humiliating capitulation.

Number six, they want trade and commerce. The *juche* philosophy doesn't mean autarky, it doesn't mean we're going to build everything ourselves. It means, "master of your own destiny." And in that new formulation, that permits aid and trade. And they want economic expansion. They want to use convertible dollars. They want to build their business community.

Number seven, they consider the 2000 joint declaration with the Republic of Korea, with South Korea, still to be effective and the basis for reunification based on confederation. They still think that that is in force.

Now, of that, let me point to what I thought were the big surprises for me sitting there and listening to this. One, as Jack pointed out, the Kim Il Sung dying-wish reference. When you are a Korean and you invoke Kim Il Sung, which is a very special place in North Korean society, and you invoke your father, and you say it's his dying wish to denuclearize the peninsula, I think that's pretty strong stuff. They also used the language of Kim Jong Il making a "brave strategic decision," which seemed to me--maybe coincidence--it seemed to me as it was trying to answer American officials who testified before Congress saying we're not sure whether North Korea has made a strategic decision. So it's virtually the same language.

The big shocker for me was meeting with Kim Gye Gwan and he's talking about denuclearization. He says, "CVID"--you all know CVID: complete, verifiable, irreversible dismantlement, which has been the U.S. policy on verification--"CVID is absolutely necessary." And I'm sure I looked stunned. And I interrupted. I rarely interrupted. I interrupted this time and I said, "Excuse me, could I get clarification on that? Did you say CVID is desirable?"--remembering, of course, that the North Koreans had rejected CVID and had spoken quite vociferously about it. He said, "Yes, it's absolutely required."

And his argument is the following: that if the DPRK dismantles its nuclear weapons, that will not guarantee a nuclear-free peninsula; that if we're going to have a nuclear-free peninsula, that has to include South Korea. And yes, President Bush, the first Bush, promised that there were no tactical nuclear weapons being stored in South Korea, but how can we believe that's true? We need CVID and we need strong verification applied throughout. And you know what? We may even need some verification commitments from Japan and talking about perhaps extending it to Northeast Asia more generally.

NPT/IAEA I already covered, that they said they're willing, following an agreement, to enter the NPT, which is good news.

The other two things that were surprising to me were not points of substance but points of style and process. One is the issue of nationalism, issues of face and unity. I was struck in how many of my conversations with DPRK officials that this was important, that they be treated with respect, they be treated as a regular normal country, that they not be subjected to name-calling. They consider themselves a small country surrounded by the giants--the giants being Japan and China and the U.S. I think these issues may be important.

Traditionally, I thought of the Iranian nuclear program as really driven by prestige issues, status issues, and the North Korean program being more easily understood in terms of interests--security, economic benefits, the like. But I walk away from my visit thinking that these other issues are also important. Maybe they're not as important, but they're more important than I originally gave them credit for.

And then finally, I was very much struck by something that an English teacher--an English English-teacher, who teaches at Kim Il Sung University--told me. She told me that English is one of the most popular courses at the university and that most of the folks who were taking this class want to go into business. I was very surprised by that and I saw evidence of what that implies during my trip to Pyongyang. And I think this may be a very, very powerful dynamic that I'm sure Richard's going to talk more about, so I'll just leave that alone.

Well, as much as we've had, I think, some positive experiences out of this recent round of the six-party talks, as much as I am allowing myself a weensy bit of optimism, even though that's always a losing proposition, and I'm encouraged, nevertheless, there are difficulties ahead. There's no doubt about it. On the U.S. side, clearly what the U.S. has raised in the past as issues they're concerned about is the issue of enrichment, was there an HEU program? I agree that this has less prominence--and I think this is a smart move--this has less prominence in the American agenda than it had maybe a year ago. It's being treated, I think rightfully now, as an issue, not the issue. It has to be addressed, it has to be tackled, but it doesn't have to be the prerequisite, the deal-breaker, the thing that's more important than anything else.

Again, a difficulty here is going to be a desire on the part of the DPRK to have a civilian nuclear program. Verification, you know, that's the big 800-pound gorilla looming out there. But again, hopefully, as the political relationship improves, more will be possible. And

then I think the U.S. faces some interesting domestic politics here, because it's one thing to call a country a member of the axis of evil and say you don't trust them and to be upset about the human rights record, and then to turn on a dime and seal an agreement. So I think there are some issues looming there.

For the DPRK, I think they're concerned about piling on, that the U.S. says, okay, we're concerned about the nuclear issue. Oh, oh, we're also concerned about human rights. And did we mention missiles? Oh, and there's conventional weapons. And they're afraid--and this goes to the last one, moving goal posts--that the U.S. is going to say, yes, you can have all these benefits, we can improve our relationship, we can do all these things, and then they do some of them on the nuclear side and the U.S. says, oh, but, but there's one more thing we want to talk about; but--there's always one more thing. So I think that's a confidence issue that the U.S. is going to have to address.

I think also for the DPRK, there is the issue of sequencing. You know, the U.S. originally argued they want everything up front. They want all the dismantlement before any of the good stuff happens. You know, I think that's subject to negotiation, but that is an issue for the DPRK, the issue of sequencing--you know, words for words, actions for actions, as the phrase has been most famously used. And I think also the DPRK wants to see the U.S. be a direct participant in the provision of benefits. Traditionally, the U.S. has outsourced this task to our allies, the Japanese and South Koreans. But again, in the spirit of confidence-building and trust, and establishing trust, to see that the U.S. is really serious about this, I think the North Koreans want to see the U.S. step up to the plate and, by their own actions, demonstrate good intentions.

So those are issues on both sides that I think are tough. But there are other obstacles, probably not as important as the substantive one, but they can be. I would call them soft obstacles. There continues to be incredible mistrust and misunderstanding. It's a cliché, but it's true. Lack of a common language. And here I'm just not even talking about Korean and English, although I think that's an issue here. I think we continue to have translation problems. And these translation problems happen more often than you would guess and they're more of a problem than they should be. But they are a problem. And we're using concepts when it's not always clear that the two sides, who are using the same words, mean the same thing.

I think there's a lack of a common understanding about the past and I think there's a lot of myth-making on both sides about what the Agreed Framework was about. For the U.S., the Agreed Framework was all about North Korea cheating, and for the DPRK, it was all about the U.S. not fulfilling its obligations or its commitments. And I think, again, there is myth-making on both sides. And an inaccurate understanding of that history is actually going to be an obstacle as we try to move forward.

I think on the DPRK's part there's a failure to grasp the nature of U.S. domestic politics, and for the U.S. a failure to grasp some of the realities that the DPRK faces. And I think there's a failure to account for nationalism and pride.

On all these issues, I think, progress is being made, and it was evidenced in the last round. But they're not gone yet.

That's my way of concluding. That's me. But just in case you wanted a little more, since you don't get to go to the DPRK that often, I did bring a few of my pictures from my vacation. There are, like, five of them. But I figured you'd probably want to see them.

That is--I don't know if you can really see that up there--that is the skyline of Pyongyang. That's the photo taken from my hotel room. Pyongyang actually has lots of modern buildings--and Richard can speak to this--big, big highways. Big everything. It's like Texas, you know, everything is super-sized. It's really, really big. I mean, my hallway in my hotel was the size of an expressway lane. So it is both very big and very empty. There just aren't a lot of folks around.

That's another skyline shot.

That is one of the big squares. Those are girls who've gathered--they were practicing, I think it was August 17th was a big holiday and they were practicing whatever you practice for their upcoming celebration.

There's Kim Gye Gwan. And yes, it's true, it looks like he's not that happy to be standing next to me. But I want to assure you that that's what all the DPRK officials look like when they took a picture next to me. They were--we would joke or, you know, argue and have a very normal conversation, and then once that camera came up, it was, you know--he doesn't seem that enthusiastic.

That's a picture from the countryside on the way out to the International Peace Museum. I just wanted to include it because we don't get to see it. It's really quite a beautiful country. It has, as Richard will tell you, severe, severe agricultural problems. But it is nevertheless very green and very mountainous and quite beautiful.

There's another picture.

And then finally, there's a little girl walking along the street with one of those sort of famous type posters in the background.

So that's all I have to say. That's my summer trip to the DPRK. And I'll be happy to entertain questions afterwards.

[Applause.]

AMBASSADOR PRITCHARD: Richard?

MR. RAGAN: What Jim didn't take a picture of, which I'm very surprised, is of the traffic girls. For anyone who's been to Pyongyang, they know that they have these very beautiful traffic girls who manage traffic at each intersection. And I often find my staff out of the office and they're driving around in circles looking at these traffic girls.

[Laughter.]

MR. RAGAN: Unfortunately, we don't have C-SPAN in North Korea, so I can't say that I'm a junkie. But I guess what I can confess to, for those of you who are North Korea watchers, you might know that they have a new law in the country that says North Korean men must have a 4-centimeter haircut. I think maybe I'm responsible for the law, as the only American in the country.

Jim thanked everybody, so I'll just say ditto. As Jack mentioned, he and I are old friends and we've been working on North Korea together for 10 years. I started off at the National Security Council and have made my way to the U.N.

Before I get started with my talk, what I want to do is just give you two points, which I think is important for you to keep in the back of your head as I talk. *Juche*, which is the principal political philosophy in the country, teaches as one of its central tenets self-reliance. Jim mentioned that they've sort of been flexible with this definition and now they're claiming that it means master of your destiny. But essentially, it's been taught over the years to mean self-reliance.

The second point is that five years ago in the country, a person who was involved in any sort of economic activity could be tried as an economic criminal. Obviously, that's changed significantly.

What I want to try to do is maybe cover three things. It will be a huge jump from the discussion we've just had on the nuclear question. I want to talk about the humanitarian situation in general, I want to touch on humanitarian engagement and why that's critically important, and then I'll talk very briefly about the rise of the market sector, as we see it, in the country.

On the humanitarian situation, some of you may have seen a few weeks ago Barbara Demick, who is a Los Angeles Times reporter based in Seoul, wrote a very interesting piece on Chongjin, which is a northeastern city right on the Russian border. I think it very succinctly describes the situation that most North Koreans who live outside of Pyongyang are faced with. It's a 24-hour struggle for most people. If they stop, they starve. The public distribution system, which is where most people get their food from, we estimate is only providing about 50 percent of the food needs. So that means that they have to get half of what they need to eat from somewhere else.

North Korea is primarily an industrial country. Only 18 percent of its land is arable. So there's not a lot of agricultural opportunity for people. The photograph that Jim showed you of a lush countryside changes very dramatically as you move up the northeastern coast, where you see entire hillsides stripped of trees and farming of marginal lands, which is really only sustainable for a season or two. One of the impacts of the famine in the mid-'90s is that a lot of these marginal lands were opened up to people from the cities because they didn't have any other sources of food.

As mentioned, I'm the head of the World Food Programme in North Korea. It's for us one of the largest operations in the world. We've been there for nine years. We've provided anywhere from a half a million tons, which is what we're trying to provide this year, to a million tons, which was what we provided in the late '90s. We're feeding a little less than a third of the population of 23 million people; we're feeding about 6.5 million people. We have not enjoyed the level of resourcing over the last several years that we need to meet our goals, which means that a lot of people that we're targeting aren't being fed. The situation today is that we have enough resources to feed all but about a million out of that 6.5 million people. We will, without new resources, have to cut 3 million of those people over the course of October and November.

And just to kind of give you a sense of how much food we move into the country on a monthly basis, we're moving 40,000 tons of food. Most vessels are around 25 or 30 thousand tons. So we're dealing with probably a ship and a half of food a month, so it's quite a lot of food to be moving around the country.

We're sort of at the period now right before the crops are harvested. The harvest will begin in September. People are very optimistic that the crops will be good. For the first time in recent memory, the entire country has been mobilized to go out and work in the fields. This happened during the June and July period. There's a mobilization that happens every year, but why this is different is that we saw the mobilization reach down into parts of the population that it didn't normally reach into. For example, the people who work with us are Ministry of Foreign Affairs people, and we had our colleagues going out to the fields to work. So it was a very pervasive mobilization campaign.

There have also been public remarks made by leaders in the country, Kim Jong Il in particular, about the agriculture problem and how there needs to be an effort to increase production. The bad news is we don't think that they'll ever be able to produce enough food to feed themselves. They have a shortage of land, their agricultural technology is very antiquated. So, like South Korea and Japan, they're probably going to have to import food. Neither South Korea nor Japan produce enough food to feed themselves as well, but they have sufficient cash resources to import food.

The operating conditions in North Korea for humanitarians are some of the toughest in the world. That's largely because of the security environment there. We have over the last year, I think, negotiated a relatively positive environment to operate in. For those of you who are familiar with the North Korean Human Rights Act, there's a provision in there which stipulates that U.S. assistance will be tied to the World Food Programme's ability to meet international monitoring standards. So we've tried to enhance our monitoring capabilities in the country.

We're for the first time passing out ration cards. That's in process. So we have 2.5 million ration cards which are being passed out to families. That's important because on those ration cards there will be demographic information--family size, age, hopefully some employment questions will be answered--which is a lot easier than having to ask these questions when we interview families. So we'll begin to develop a better baseline understanding of the population we're feeding. Again, that's important because it's very, very difficult to get any sort of information about the population in the country. And one of the comparative advantages the U.N. has in an operation like this is we're able to begin to develop baseline information. We have access to now 160 counties out of 203 counties, so 87 percent of the population. We're

doing anywhere from 450 to 500 monitoring missions a month, which means that we have people traveling all over the country every day. We're the only organization that is able to do that.

Those of you who tracked the ROK contributions, the first ones started coming in late July. They have committed 500,000 tons of food, which is 100,000 tons more than they committed last year. It's in the form of a loan. We are still hopeful, from the U.N. side, that South Korea will make a contribution to the World Food Programme as well.

One of the questions I frequently get asked is how important is food to the six-party process--and Jack touched on that subject. I don't think it's important at all. I don't particularly think it's part of the discussion. Jim also mentioned that their sense of the nuke issue is driven by sort of national pride. It's not driven by this notion that they're going to get huge economic benefits or they're going to get huge food assistance because there's some sort of agreement that comes out of the six-party process. I deal with a very different set of actors in my daily interactions with government, but many of them have also been part of what was the four-party process. They're all English speakers, so they go back and forth between the different areas. And this is something that we pick up from them as well when we talk to them.

Let me shift to humanitarian engagement and why I think that's important. Ten years ago, the rains that sort of washed out the staple crop in North Korea coincided with the same time that parts of the agreed framework were stalled. This was in the 1994-95 period. And some of us who were working on that issue then saw this as an opportunity--an opportunity to help, but also an opportunity to engage the North Koreans in a different way. It had long been a very closed country. Authorities were deeply suspicious of foreigners and they were reluctant to reveal their problems. The World Food Programme got involved. The first two World Food

Programme officers turned up in 1995, and they were pretty much relegated to Pyongyang. In the instances that they were allowed to travel outside of Pyongyang, it was only by rail.

Today, it's completely different. We have six offices around the country. We have one in Pyongyang and five field-based. We manage 19 factories that process food. As I mentioned, we're doing anywhere from 450 to 500 visits a month all over the country. We have over 40 international officers working for WFP. We also have 70 Koreans working for us, North Koreans. We have, as I mentioned, access that is unparalleled in the country. We have far more freedom of movement than anyone else in the country and than we had nine years ago. We had a tough start. I think we still have difficult issues that we're dealing with. The constraints are onerous. Oftentimes they're regrettable, but in most cases they're unavoidable. It's the sort of price you have to pay if you want to feed people. The people that we're targeting are not people who are involved in political discussions. They're women and children and the most vulnerable people in the country.

It may be a small thing, but Koreans now regularly smile at you and wave when you pass. I make it a point when I'm driving around the country and I pass military vehicles to wave, and three-quarters of the truck will wave. That did not happen in 1996, when I was a U.S. government employee and I traveled around North Korea. We are met with a very different welcome today. Our staff comes from over 30 countries. We meet literally thousands of Koreans a year, from senior officials to citizens. For the most part, they're very sympathetic.

One of the very important things that we see outside of Pyongyang is that there's a level of decentralization happening with respect to decision-making. With the market reforms of 2002, leaders were essentially told that they had to turn a profit. So if you had an unprofitable business, you're going to make very different decisions about how you provide support to your

constituents. And that's something that we see in our daily discussions with provincial and county-level officials when we talk about access. They're much more flexible with us today. After nine years, I think we're changing attitudes. That's why humanitarian engagement is important.

Let me talk really briefly about the market sector. The markets, where are they? They're everywhere. In every city there's a market. You hear reports that foreigners are not allowed into these markets. That's true outside of Pyongyang. There was one market in Pyongyang called the Tongil market, which foreigners were allowed to visit. Some foreigners have even been allowed to take pictures. The BBC has run images of it when their deputy foreign minister visited. Now there are other markets in Pyongyang that foreigners can visit. There are two other markets, where, if you live in Pyongyang, you're able to go in and buy things in these markets.

Who operates in these markets? Mainly what we see are unemployed women. There was one sort of very interesting statistic that we found when we were doing household interviews. In previous years when we asked a woman what her profession was--it's a workers' society, so everybody has a job. So they're a teacher, factory worker, something. A year ago, we began to hear women tell us that they were housewives. So in a sense, they had been reassigned a work category. Now, these housewives are also the ones that are the initial winners in the new economy, because they're the ones that are running the stalls, they're the ones that are in the businesses. It looks like that there is an attempt on the part of the government to try to channel unemployed workers from state controlled industries into the free market.

Now again, think back on this initial statement that I said, where economic activity was a crime five years ago. This is a very, very significant development in the direction that the country is moving.

Jim also mentioned that when he met with officials in the Ministry of Trade, their children were interested in business, that's what they wanted to focus on. They wanted to learn English. That was kind of the new area that people wanted to employ their skills. We find that also to be true. We find it to be very evident because we have to hire people. And there's a competition to get the best staff to work for us. We have, as I mentioned, 70 Koreans work for us. As we try to recruit people, we find that they're much more interested in business jobs, where they can make money, than they are in U.N. jobs. And actually, they make, you know, a fairly decent salary in U.N. jobs because we pay them a daily subsistence allowance that is, probably on one trip they make more than the average Korean makes in two or three years. So these are very good jobs by most standards, but we're finding it harder and harder to attract the best North Koreans to work in these jobs.

What do they need? This sector has to grow. They need the requisite skills to manage a market economy. You can't sort of wake up after 50 years and embrace market principles and, you know, understand how to do things like control inflation. They need technical investment if the market system is going to continue to take hold.

We see signs that it is taking hold. There are more and more restaurants all over the country. There are more and more signs of disposable income--people have bicycles, people have motorcycles. If you go to the border area between China and North Korea, you can just count 20, 30, 40 trucks of goods moving back into North Korea carrying refrigerators,

televisions, all sorts of appliances, things that are kind of consumable goods that everybody wants.

There are more and more signs that information from outside of North Korea is making it into the country. We for a long time didn't have access to cell phones; now we have access to cell phones. I did a report on CNN yesterday, I think, and Mike Chinoy was reporting from North Korea via cell phone, and he said that he couldn't call inside of North Korea, he could only call outside of North Korea with his cell phone. We have cell phones where we can call essentially most numbers in North Korea and we can call internationally. Now, North Koreans are still not allowed to have cell phones. There was a time when they did have cell phones before the Ryongchon train blast, which happened about a year and a half ago, and they have since lost the privilege to have cell phones.

We have radio communications now in the U.N., which is something that we didn't have up until six months ago. We're in the process--there are two types of radio communications. One is VHF, which allows you to talk all over the country. We don't have that yet. We can only talk from repeater to repeater, which is a bit confined. But the North Korean government has agreed that we can move forward on that.

So there are all these sort of signs that things are changing. And that's important for us, particularly as humanitarians, because we need to move, we need our security protected, and we've got to be able to communicate.

Just let me conclude maybe with one thought. You know, enemies are always intimately connected. Good examples of that are our relationship with Russia, Japan, Germany, Vietnam, even China, to a certain extent. Over the last 50 years, all of North Korea has been programmed to remain on a knife's edge. This is evident when you visit a primary school and

you see the sort of propaganda that children are taught. The North Koreans that I work with, that my U.N. colleagues work with, the people that hopefully Jack used to negotiate with, see beyond this, I hope. Many of the ones that we work with will, hopefully, be the future leaders of the country. Thus I think it's very critical that we continue to embrace our enemy during this difficult period. Because if things do move in the right direction, those people that we embrace today will remember it.

So as the attention focuses anew on the six-party process, I think it's important to remember that peace requires a solid foundation. And through the sort of daily humanitarian action that we've been involved with for the last nine years, I think we're building the sort of foundation that is necessary for that peace to take root.

Thanks.

[Applause.]

AMBASSADOR PRITCHARD: While the microphones are being hooked up to us here, let me explain how we're going to take the questions. We have microphones in the back that will come forward when you raise your hand. Please wait for a microphone. Once you've been given a microphone, please, if you would, just briefly stand so we can see who you are, identify yourself, and if you're affiliated with a school or a newspaper or however you want to characterize yourself, please do so, and then go ahead and ask your questions. No questions are off limits. We'll continue to take questions until we find the tough one we can't answer, then we'll quit.

Who would like to start? Eric, we'll let you. After that, if you just raise your hand, the microphone will come to you rather than me try to out-guess the microphone.

QUESTION: Eric McVadon with the Institute for Foreign Policy Analysis. Dr. Walsh, would you try to characterize China's role in this rather major shift in the North Korean position--maybe something that Kim Gye Gwan said, or his attitude toward China?

DR. WALSH: Well, let's see how I can get in trouble on this one. I think China, as Jack has described, is a very important player, arguably the most important player, but there are some in the Republic of Korea who would argue that over the past year and a half there's actually been somewhat of a shift, that South Korea is taking on an increasingly important role, and that the center of gravity may be moving a little bit there.

Of course, we had the June 17th meeting in which a major proposal was offered by the South Koreans, and them making major proposals is sort of a relatively new phenomenon. I think they're both important. There's nothing that Kim Gye Gwan said to me about China per se.

I will say that I think that in my discussions with lower-level officials about the role of China, I asked the question do you guys--you know, in the U.S., the argument is China has all this leverage and they are not doing enough, they're not putting enough pressure on you because they have this great relationship that they're not taking advantage of. Then there's this other argument that says, frankly, the relationship isn't that good, you know, that the Chinese have moved in a different direction in the post-Cold War era, that they recognized South Korea and that was a bitter pill for the DPRK. So which is it?

And I expected my North Korean colleagues to say, responding to the American criticism--in other words, anticipating that the American argument is that China has a really strong relationship and could be pressuring them more--I expected them to say, oh, you know, the relationship's okay, it's not as good as you think it is. What they said instead was--it was

almost a defensive reaction: Yes, we have a good relationship with China. In fact, in talking to the Chinese and to the North Koreans, both originally would insist we have a very strong relationship, this was made in blood, we've worked together to kick out the Japanese, we were comrades in arms--you know, we are together here.

And then, as the conversation goes on a little bit, then you get a more nuanced picture in which they said, but of course China is a great power and we're surrounded by great powers. And then there are China's interests. And we're not going to put all our faith in China because--in fact, you know, maybe we're a little concerned that the U.S. and China are going to make their own deal and we're going to get the short end of the stick.

So they're willing to accept Chinese aid and help when it's appropriate, but they're willing to say no and push back if they think their interests are being compromised. So I think it is a--it's a long way of saying it's a complex relationship. And in some ways, I was surprised by their answers.

QUESTION: My name is Mitsumi [inaudible].

I would like to ask Dr. Walsh--great to see you--U.S. and North Korea severely confronted on the issue of peaceful use of nuclear energy, as Mr. Pritchard mentioned. What is the proper solution how to solve the problem in the second venue of the six-party talks?

DR. WALSH: Well, I'm glad to see that the questions are getting easier. I've been asked now what is the solution to the dispute over peaceful uses. And I think I'll probably defer primarily to Jack on this. To tell you the truth, it's a more recent development. I mean, if you had asked anyone a year ago what were the big sticking points, they probably would have said verification, enrichment, you know, some of these other things. This is a rather new development. I haven't given it the full thought that I should, so I really don't have an answer.

I think that preliminarily I would say that energy is energy, it's an interest. It is fungible. And so in principle, if North Korea can be assured of its energy needs as part of a package deal, that it probably doesn't matter too much whether it's heavy fuel oil or electricity from South Korea. If anything, they're going to get that energy first. Because even if there was going to be a light water reactor, we're talking about years and years before anything would be up and online, presuming the grid could handle it, blah, blah, blah, blah.

So in the near term, the reality is it's going to be other energy forms. But no one is asking the DPRK to give up its right to peaceful uses. I think the U.S. position is that they don't want to see them exercise that right. And so maybe--you know it may be a combination both of an issue of interest, which is energy, and it may be an issue of pride or face as well, that, you know, South Korea has civilian nuclear energy so why shouldn't North Korea have some civilian applications? But I'm confident that, in terms of the big issues, I think Jack was right. This ranks rather low in terms of regional security and nuclear disarmament. So I'm confident that both sides, if they're serious about progress, will find their way around this one. I'm hopeful. But I don't have a good solution to offer.

Let me put you on the spot. Maybe you do.

AMBASSADOR PRITCHARD: Well, let me just put this in a--or try to frame it for you. What we're talking about, both on the North Korean-South Korean-U.S. point of view is a sequence of events that, once they're met, would then allow the North Koreans to claim or to exercise that right, a sovereign right of peaceful nuclear energy. But let's take a look at those time lines. You're talking about a process by which the North Koreans agree to dismantle or abandon their nuclear weapons program and, as Dr. Walsh talked about, in a verifiable way, in a CVID way. That's not something that is done overnight. It's extraordinarily complicated to do

that. And when you think about what does that entail, I mean, there are environmental concerns here. You simply don't go in and destroy a building and say, well, that's done. You have nuclear waste material that's got to be taken into consideration.

So as you take a look at this, the time lines of actually going from an agreement to a fully dismantled program is going to be some several months, if not a couple of years, at the very best. And all of our engagements with the North Koreans that involve an international aspect of it, as this will, always prove that it will take longer. You take a look at the Agreed Framework and trying to develop the LWRs, there was a target date of 2003. It was never going to happen. But when you got into the actual, you know, developing the protocols that were required, getting things done, the reality of this, it will take a good deal of time.

So when we get to the point in time where the North Koreans have been fully reintegrated into the NPT, they have IAEA inspectors, and their program is verifiably shut down, we're talking years from there. And my point is this is an element that should be deferred--that portion of the U.S. desire that North Korea not exercise its right. So you have at the beginning a fundamental agreement that there is a sovereign right of the North Koreans under those circumstances in the future that it could have nuclear energy. In the negotiating process years down the road, you may find a solution that is satisfactory--as Dr. Walsh talks about, the fungibility of energy--in which the North Koreans may very well on a voluntary basis give up that exercise of that right, that meets the concerns that the United States currently has.

QUESTION: [Inaudible.] I'm from IFES. We are a democratic assistance organization.

My question is for Mr. Ragan. I'm interested in your experience interacting with North Korean officials. From what we've read outside of North Korea, this regime is a one-

person regime. So I'm interested in your sense on how the government system is structured and functions, and your opinion on how the political system contributes to the problems we have, such as the nuclear issue and the famine.

MR. RAGAN: I think you've hit on a good point. One of the problems, I think, that's very evident, as Jack sort of touched on when he pointed out the Japanese request to have a bilateral with Kim Gye Gwan on the issue of prisoner remains, that's evident across the board at the national level. It's a very sort of what I would call stove-piped system. The Ministry of Foreign Affairs is not the most powerful ministry in the government, and that's who normally we deal with. I think on the bigger sort of strategic issues, it very much is a one-person government. For example, the fact that market reforms were signed off on in 2002, I think that decision certainly comes from the top. The market existed before 2002. It's just now mandated.

At the provincial and the county level, I think we're faced with a very different set of circumstances. As I sort of briefly touched on, we sense a certain level of decentralization that's happening. On the humanitarian side we deal with something called the Flood Damage and Rehabilitation Committee, which is part of, at the national level, the Ministry of Foreign Affairs. Its basic structure is a bit like the National Security Council. The head of the Presidium is the head of the Flood Damage and Rehabilitation Committee, and under him he has vice ministers from each one of the line agencies, who are responsible for their areas of interest. Now, this was a structure that was largely created in the mid-'90s during the famine. That's important because it means sort of the number two guy in the country is head of the FDRC. And at the provincial and county level, it means that the number two guy in the province and the county and the party is who we deal with. I don't deal with the head of the Presidium on a regular basis. I deal with a vice minister.

But again, at the lower level, we're dealing with sort of the decision maker in the province and in the county. Now, oftentimes, we're the only foreigners that they've ever come in contact with. And they are, I think, developing the kind of skill set that's necessary for them in the future to deal with more foreigners. The government in September of last year announced that they wanted to see an increase in Official Development Assistance, or ODA, which is not a new policy but it is something that they regularly talk about. Now, ODA is much more complicated than humanitarian assistance because it requires them to sort of open up their systems. We don't just give them direct bilateral development aid without getting something in return. Humanitarian assistance is humanitarian in nature, so it comes with fewer strings.

So if they are going to go to that next step, which is getting official ODA, then they've got to have sort of the requisite skill sets at all levels to deal with foreigners who come in and say, okay, what sort of governance structure do you have? You know, what does your banking system look like? What are your accounting methods? How are you handling our money that we gave you? All these sorts of questions you don't get answers on today, but in the future you'll have to get answers on if they want to get that kind of aid.

QUESTION: Thank you for the opportunity. My name is Sung Ju Rhee [ph] from CSIS. My question is for Ambassador Pritchard.

As you said, the issue of peaceful nuclear energy program is about a fundamental issue that is hard to resolve at once. Also there is the matter of the [inaudible] over that issue, even among the other five parties. Under those circumstances, putting this issue up front could preclude any near-term arguments on other matters. So my question is, do you think there is any possibility that the U.S. and North Korea will change the course in a more practical

way at the following session of the six-party talks, like this: Let's set that issue aside and work on easier ones, like [inaudible], and not discuss this issue--something like that?

AMBASSADOR PRITCHARD: It's a good point. Let me, if I didn't make it clear before, in terms of other nations' views on the right of North Korea to have a peaceful nuclear energy program--and I won't speak for Japan, but on the record you have the Chinese, the Russians, and today you have officially the unification minister saying it is the South Koreans' view that the North Koreans, once they fulfill this step that they've committed themselves to--the denuclearization, re-enter the NPT with IAEA inspections--that they also should have that right.

So there is a danger, but I put it in the tactical level, that the United States has not aligned itself with the rest of the six-party talks. And that's extremely important for the United States because we have entered this as a regional and not a bilateral solution.

So my sense is that this three-week recess will give both sides an opportunity to rethink how to address this. Because what's going to occur when they reconvene the week of August 29th to conclude the fourth round and to, hopefully, put in place the statement of principles, is to come to closure on this issue. And I can't imagine that the subsequent rounds, a fifth round and actual negotiations that would lead to a more secure environment in northeast Asia and security for the United States, is going to be lost because we couldn't find a compromise to this particular issue, which I do not believe to be a core issue at this point. So hopefully, we've got extremely good negotiators who are now back in their capitals reassessing 13 days worth of work, that they'll come up with a creative solution of how to move forward.

QUESTION: I am InSeung Kay of the Mansfield Foundation. My question is to Mr. Pritchard and Dr. Walsh.

As we know, the Iranian government has recently and explicitly resumed in its nuclear activities. Do you see any -- effects it may bring to the negotiation with North Korea, which you both described as being relatively successful?

AMBASSADOR PRITCHARD: Let me try to tackle that first, if I can. And I'm only going to do that because I happened to read an interview that Chris Hill gave, in which he was asked specifically this question. And just to reiterate that, is there a connection between Iran and North Korea that's coming up in this round of negotiations with regard to what the U.S. is allowing, or would support a peaceful nuclear energy program in Iran that's currently being negotiated by the European 3?

Chris Hill's response, if I've got this right, is it's a hypothetical because the North Koreans have not used that rationale in these talks. Nor have I heard it reported--maybe they have, but I have not heard that the North Koreans have used the United States' recent decision to support India with nuclear technology for a peaceful nuclear energy program.

So to date, while we all take a look at this and we see this going on, there does not yet seem to be an interaction, at least on the principles, between what's going on in Iran and what's happening in the discussions in North Korea.

But Jim, do you have--?

DR. WALSH: Well, I would say this, that, you know, there are arguments to be made on both sides. The North Koreans obviously are going to say that, you know, how can this be, that they're allowed to have a civilian program--or a non-NPT member, a weapons state outside the regime like India can have a civilian program and we can't? The State Department and others might argue, well, Iran did not withdraw from the NPT. And Iran did not manufacture a nuclear weapon.

So, you know, I think you could go back and forth on this. My own view, though, is that more generally, the U.S. looks at the North Korean issue as part of a more general nonproliferation problem, whereas the DPRK looks at this issue more in terms of U.S.-DPRK bilateral relations. And, you know, something that happens over there may show up as a talking point or as an argument, but I think it's the particular dynamics of each region that will drive the negotiations and the compromise. And we shouldn't expect that every agreement in every part of the world on nonproliferation is going to be exactly the same. The principles are going to have to be universal, but the application of those principles will differ.

And so it may be relevant for the talking points, but when the rubber meets the road, you know, when you're at the negotiating table, and I defer to Jack on this, obviously, I think it will be the internal dynamics between the U.S. and the Korean negotiators that determine that outcome; less what happens elsewhere.

And we should get some questions from those poor people in the back, too. Not that you're poor people, but right now you're discriminated against.

QUESTION: Clay Ramsay, Program on International Policy Attitudes. This is a question for Mr. Ragan. Do the Chinese play a significant role in the food aid situation, or might they in the future?

MR. RAGAN: Well, I mean, obviously the U.N. would like to see the Chinese give to the U.N. In the mid-'90s, when I wasn't in the U.N. and I tracked this from sort of a different perspective, the Chinese contribution was significant. Today it's, from the best that we can gather, not nearly as significant. Again, the only thing that I sort of have as a reference point now is customs traffic--and that's official information; there may be stuff that goes across the border unofficially. But again, we've just now negotiated as part of our new monitoring regime

access to the public distribution centers, which is important because there has regularly been this claim that the public distribution centers don't work. So now we're able to go into these public distribution centers and see what's in them. And, you know, if significant amounts of Chinese food are coming into the country and they're not going to the military, then we'll see them in these public distribution centers. We do see South Korean food in these public distribution centers.

My sense is that the ROK is going to increasingly play a much more important role on the food aid side than China will. China has got other sort of resources--fuel, for example--which it's been providing pretty regularly. And it's now, I think--last year it passed South Korea as the number one trading partner with North Korea. So that economic activity is also very important. I want to say it was something--if I'm remembering the figure right, it was like 1.2 or 1.3 billion U.S. dollars worth of trade. But just to conclude, hopefully one day they will play a much more important humanitarian role on the food aid side.

QUESTION: Bruce Klingner from Eurasia Group. Ambassador Pritchard, although Secretary Rice has had greater leeway and Ambassador Hill has shown greater flexibility, to what degree do you think domestic U.S. political factors would constrain being able to reach an agreement even if they go beyond all the technical issues, such as the inherent distrust the administration has for North Korea, the more conservative elements within the administration, which might try to torpedo any kind of agreement, and even the administration's own very critical remarks early on about the agreed framework and the Clinton policy?

AMBASSADOR PRITCHARD: Bruce, thanks for the question. I think there are a couple points right away. First of all, let me go to the LWRs. Even if the Bush administration said to the North Koreans you want LWRs, we won't stand in your way; you can

have the LWR, you can have the KEDO project, you can have both LWRs--the reality is there is a requirement under U.S. law that any nuclear technology that is transferred to North Korea must be approved by the U.S. Congress. Now, we are coming up on a mid-term election. And once that happens, the reality of a lame-duck president, you know, he may not like it, but there are politics involved that suggest that if he wanted to give the LWRs as a gift-wrapped package to the North Koreans, he couldn't do it. I don't think he could deliver a Republican Congress who, from the very beginning, has been adamantly opposed to the LWRs. So getting this Congress, a Republican-dominated Congress, to say yes, we'll approve nuclear technology going to North Korea simply because the president wants it to happen--I don't think it can happen.

The other part of this, bringing in the domestic politics of this, is, for the same reasons, where Dr. Walsh had up on one of his talking points the desire by North Korea to have U.S. participate in the benefits package. Now, up to now, the U.S., under the June 2004 proposal, said others can provide benefits, we'll allow that to happen. But we, the United States, are not going to participate. We're not going to give funding, we're not going to provide HFO--heavy fuel oil--et cetera. I think the same thing will occur with some minor distinctions. I do think the president, under a total package which completely and verifiably got rid of the North Koreans' nuclear program, he probably could get some participation, some minor amount of participation from the Congress. But by and large, it's going to be a very tough sell to get funding out of the Congress for a significant U.S. participation, nothing along the scope of what we have seen on the previous agreement.

Just take the KEDO example one step further here. Out of that $4.65 billion project, South Korea provides 70 percent, Japan provides $1 billion, the U.S. obligation was to lead a consortium to find money to fund heavy fuel oil. The worst that it ever got, because of the

price of oil, was about $100 million a year in one case. So the concept that the U.S. would significantly participate at this point, I don't think it's realistic.

Talk about this 12 months from now and if there is an implementable program under way, you might get something more. But I don't think you're going to get the U.S. technology through Congress under any circumstances.

DR. WALSH: May I also briefly comment on that. Obviously, domestic politics was up as one of the obstacles on my list of items. And I agree with Jack that I think it will definitely complicate things. And in particular, I think the human rights issue, which has really been congressionally driven--I mean the center of gravity there has been in the Congress, not in the executive, and that will be a complicating factor.

I think, though, that a Republican president, even one who is a lame duck, may have a possibility to get a package through a Republican Congress if for no other reason than Republican senators who may be up for reelection in these upcoming mid-term elections, who are thinking of running for president in '08, may not want to deny President Bush what would be a significant political victory and security achievement, if he was able to fashion an agreement that resolved the nuclear crisis in North Korea; that it would be such an important achievement on nonproliferation that that would in general, I think, be a political bonus for Republicans running for reelection in mid-term elections or running for the White House in '08. So it's not clear to me that it's politically wise, regardless of the substance, whether it's politically wise to kill off what would otherwise be a tremendous political achievement for the president.

QUESTION: Phil Thomas. I'm a graduate student at Georgetown University. My question has to do with the human rights issue and how that relates to the six-party talks. It's a growing issue in domestic politics, as demonstrated by an article in the Times yesterday.

I guess I'd like to throw something at anyone on the panel who cares to answer it. First, is there any evidence that the human rights situation in North Korea is improving? And second, what role might this issue play in the six-party talks moving forward?

AMBASSADOR PRITCHARD: Do you want to take it from an observation point of view first?

MR. RAGAN: Sure. My sense is it's probably not improving. It's not--you know, the issue is certainly not something that is widely discussed in the country. I would imagine that your average North Korean citizen knows nothing about this. You know, there's two things about the society that you quickly pick up when you live there. One, it is the most militarized country on the face of the planet. Everyone is about the military and security. And two is that Kim Jong Il and Kim Il Sung are the leaders of the country and people are devoted to them. Now, that's a generalization that you see. Obviously, defectors have a very different point of view, and you hear reports on this subject.

My sense is that, you know, the human rights issue is something that is going to be very tricky to deal with in the context of the six-party talks. I don't deal with the six-party talks, but I was a director for democracy and human rights on the National Security Council, and during that time I dealt with China and their human rights issue and the Human Rights Commission. And I also subsequently lived in China. Now, during the time when we were debating this issue in the Clinton administration, it was very controversial. China dug in its heels. There was no progress whatsoever. Today, human rights are very differently addressed in China. I'm not saying it's great in China, but I'm saying at least that there's discourse on the subject in China.

I think if you used that same model in North Korea, you might have a greater impact. First deal with the things that you can deal with--open the country up, deal with the security question, grow the economy, expose people to the outside world, let them understand what these rights-based issues are all about, and then you try to deal with those issues.

DR. WALSH: I would just say briefly I think the human rights issue is a legitimate issue, it's an important issue. But it's also important to realize that different issues have different time frames, to pick up on Richard's last point. How long do even the human rights advocates think it will take to have a substantial improvement, a resolution of the human rights problem in North Korea? Is that a near-term achievement? And then you have to look at the time frame for solving the nuclear issue, which is also a very, very important issue.

My own sense of it is that the time frame for resolving the nuclear issue is much shorter than the time frame for resolving the human rights issues, and that it would be a mistake to make sure that everything is perfect before we resolve the human rights issues. We had a process with China. It's funny, I hear both American officials cite the Chinese example as a possibility and I hear North Korean officials cite the Chinese example. And of course, they mean completely different things. But there is a--I think the human rights issue is real, it should not be neglected, it should not be swept under the rug in favor of security issues. But it's going to have to be dealt with in a different time frame. But it will be easier to deal with as the political relationship between the U.S. and the DPRK improves and as other forces discussed, the market forces and things that we've been talking about, take greater hold.

So I don't think we should neglect it, but I don't think we should block progress on the nuclear issue or on Northeast Asian security in order to achieve that.

QUESTION: Karen [inaudible] from the Congressional Research Service.

I agree that nuclear cooperation, or any kind of significant nuclear cooperation with North Korea, has significant hurdles to get over, particularly in Congress. But one thing that the NGO community has been exploring has been cooperative threat reduction-type measures. Is there any indication--and actually, some of us have gone to some of the other six-party countries to talk about these things. Is there any indication that the North Koreans might be interested in some of those things? We can actually, through the State Department's nonproliferation and disarmament fund, fund some small-scale projects. Any interest by the DPRK in that?

AMBASSADOR PRITCHARD: Can you give me one example that you've heard in your talks with the other countries?

QUESTION: We've gone to China to discuss different kinds of measures, anywhere from monitoring to, you know, building transparency, even--you know, it struck me when Sig Hecker went over to North Korea, that there was so little that he could verify because there was no kind of process in there. That would at least demonstrate a real U.S. connection to this.

AMBASSADOR PRITCHARD: Well, if I understand the language, you're talking about confidence building measures as well as transparency. One of the things, going back just a few years, that we attempted to do with North Korea during the four-party process is to have two sub-groups, one that was going to talk about the permanent replacement of the armistice with a more permanent peace regime. The other was specifically designed to talk about confidence building measures, transparency issues. The North Koreans were not specifically interested at that time. We just didn't get anywhere.

To the credit of the U.S. at the time, the Department of Defense went through some very elaborate planning in terms of what they were prepared to do in terms of building this confidence, increasing levels of transparency, all of which would ultimately lead to a reduction in tension. I'm not sure we're there yet. My sense is, in the six-party process, that we're going through kind of two steps, one of which is the building of this statement of principles that will lead to the negotiations. Once you get into the negotiations, you're going to have to have a viable working group that has both technical and the kind of issues that you're bringing up now to be able to work towards a satisfactory solution. They simply can't do that in plenary sessions or two weeks at a time. They must develop an element, an intra-sessional ability of the sides to get together and to talk about that. That's where I believe that common threat reduction would come in, at that point. I don't see it happening now.

DR. WALSH: Just real briefly, anyone at the Kennedy School is a huge booster of cooperative threat reduction. We're always in favor of cooperative threat reduction.

The North Koreans didn't mention it to me when I was in the DPRK. It's hard to imagine an agreement that would not have a CTR component to it, though. I mean, because that will come in at the level of dismantlement and because the North Koreans aren't going to pay for it all, so it's going to, as a functional matter, have to happen. And it's interesting as an issue of packaging. We're talking about domestic politics and the role of Congress. You know, where did CTR start? In the Congress. Where does it have its most popular support? In the Congress. And they all--not all of them, but many of them talk about expanding it beyond the former Soviet Union to other countries. So that might be a political winner that can help with some of these other hurdles that we've been discussing.

AMBASSADOR PRITCHARD: Let me just kind of put this all together here. In mid-2002, while I was still at the State Department trying to think through what happens if we ever got an agreement, you know, what are we going to do as part of the implementation about that, I went and sat down with Sam Nunn to talk about his experiences with Senator Lugar in putting together the threat reduction legislation that they had that dealt with the former Soviet Union. So there was a concept of it has a place, we don't know where it's going to come in, but I think Jim makes a valuable point here. That impetus and that ownership may very well come out of the Congress, and if it does, it's a winning proposition.

MR. RAGAN: I have to make one point. As a former staffer for Les Aspin, I would say in argument that he came up with CTR instead of Nunn and Lugar. So they get the credit, but he offered the legislation.

MR. WALSH: You know, Harvard thinks it came up with it.

QUESTION: [Inaudible] with the Segye Times Korea.

South Korean Unification Minister Chung Dong-Young said that North Korea may have the right to use nuclear energy peacefully even though President Bush announced that he would not give that kind of right to North Korea. Do you see any problems between the strong allies in dealing with this issue?

AMBASSADOR PRITCHARD: Well, I think we've touched upon this a couple times before. And I do think that there is some fundamental coordination that must be done in terms of understanding both the ROK point of view and for the United States to explain how and why this position belongs up front as opposed to perhaps later on in the process. But I'm not going to take this as the softball that you threw to me and suggest that it's going to be the straw that broke the camel's back, that there's going to be a major disagreement among allies, that the

North Koreans are in fact being able to place a wedge between Seoul and Washington. I don't think so. I think that this is something that we'll talk through. And as I mentioned earlier, I hope that our negotiators, with a little bit of rest after a grueling two-weeks straight of negotiation, will be able to come up with some very creative suggestions on how to deal with that.

I think we're going to have time for about two more questions.

QUESTION: Thank you. My name is Du Won Kang. I'm with the Epoch Times. Some scholars claim that doing business with China, that it's not going to help them to be more democratic. Instead, because the country is ruled by a totalitarian regime, it seems like, according to them, that they have been using their economic power to suppress its own people and to [inaudible] military. And they claim that they may be able to maintain this totalitarian regime with this economic power almost indefinitely. So when we consider giving various aid to North Korea, technological, economical, can we afford to do business with them as we have been doing with China?

AMBASSADOR PRITCHARD: Let me just as an observation, I first traveled to China--and I'm not a China specialist and particularly won't claim to be with Eric in the room--but in 1980. So in the 25 years, the massive changes that I've seen take place just from an observational point of view, that have occurred in China, you know, I cannot imagine being able to put that back into the bottle. When you talk in terms of Internet access, intellectual thought that's going on in China, I don't think that's such a sterile argument that you can make the case that the changes that are taking place aren't tremendous and rapid and that are not foretelling future changes to come. I would almost ask Eric to respond a little bit to that specific question.

So I don't subscribe to the premise that you should not be doing economic business with North Korea because it will not open up the country in a democratic way.

MR. RAGAN: Let me make one quick point. There are two levels of market reform that are happening. One is sort of at the larger strategic level, and the people who are benefiting, you're right, are the elites, exactly like what happened in China. But because the system has sort of fallen apart, it's also trickling down to a lower level. And a lot of the commercial activity you see inside the country are small entrepreneurs who are involved in selling and trading goods. Eventually that sort of process is going to grow. And I don't--you know, the ethos is such that a lot of the really connected party people still don't want to get involved in business. Because remember, it was an economic crime. So there is still sort of that tension on the new economy. But I think it's also growing at the lower levels as well.

DR. WALSH: Let me respond briefly by parsing out three parts of that question. The first was there's an academic debate about the relationship between markets and democracy. That's true. It is a complex relationship. And you can cite different examples in different ways. The consensus of scholars is that they are positively linked, markets and democracy, but it's not that straightforward. So, you know, you have to grant that it's not going to work out in every case. I agree.

The second part was China has used its increased wealth to become a military threat. And you know, I'm just not a member of the China-is-a-big-threat club. I'm just not there yet. I think on the nuclear front they've done very little. They are modernizing, but as a percentage of their GDP that they're spending on the military, I don't see this as the big thing that you see, you know, written out of think tanks around here.

But, you know, still, they have a--sorry, sorry--they have a big military and it's at least in principle possible that they could skim all this wealth. So at a theoretical level, it's possible. I don't see it yet, but it's certainly possible.

But the third point was, well, maybe therefore we shouldn't do business with North Korea. Yes, there would be risks for engaging North Korea. But as a policy maker you have to decide where is the bigger threat? Is a collapsing North Korea a bigger threat, or a slow-economic-growth, hoping-to-gain-prosperity-at-some-point North Korea a bigger threat? Do we want to starve them so they collapse? And then what do they do with their nuclear weapons in that process?

Or do we want to bring them into the world community, like they tell me they want to come into the world community, and solve some of these political problems and, hopefully, get the nuclear thing solved at the same time? Both these choices have risks, and you have to place your bet. You've got to get in the game. You can't ignore the problem. I think I would bet for let's make this a more stable place, less likely prone to crisis. Let's try to get the nuclear weapons dismantled and I'll pay the risk that there are other bad things that happen.

AMBASSADOR PRITCHARD: Well, let me take this opportunity. I thought we were going to have time for two. It was such a good question that we've run out of time. I want to express on behalf of all the panelists here our gratitude for you, the audience, for coming out today and, again, for the Center for Northeast Asian Policy Studies for their support in making this possible today.

So again, thank you very much for your attendance.

[Applause.]

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