THE BROOKINGS INSTITUTION
CENTER FOR NORTHEAST ASIAN POLICY STUDIES

THE CHANGING KOREAN PENINSULA AND THE FUTURE OF EAST ASIA

PANEL 1: DEVELOPMENTS ON THE KOREAN PENINSULA

CNAPS 2005 Fall Forum
December 1, 2005
Seoul, Korea

Co-sponsored by:

The Seoul Forum for International Affairs
JoongAng Ilbo
The Korean-American Association

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P R O C E E D I N G S

LEE HONG-KOO: Welcome to "The Changing Korean Peninsula and the Future of East Asia." This conference is hosted by the Seoul Forum for International Affairs, the Brookings Institution, JoongAng Ilbo, and the Korean-American Association.

Before we start our first panel, we will listen to opening statements by President Han Sung-Joo of the Seoul Forum and President Strobe Talbott of the Brookings Institution.

President Han Sung-Joo, please.

HAN SUNG-JOO: Good morning, ladies and gentlemen. This is a very happy occasion for me personally and for the Seoul Forum. We're having a meeting with our friends and colleagues not only from the United States but from throughout the region.

I'm particularly happy to be having this meeting with my good friend Strobe Talbott, with whom I worked on an official basis many years ago, and I always valued the consultations and discussions I had with him when he was serving in the U.S. government and I was serving in the Korean government. I think we had a very productive relationship and cooperation. Personally, of course, I respect him, I like him, and he is, I consider, the most perceptive, intelligent person that I've seen not only in the U.S. government but also throughout my acquaintances in the U.S.

When the Brookings Institution started the CNAPS program and their fellows program, I was wondering what it was all about. But today I see the result of it, which is a very strong network of able, cream-of-the-crop experts throughout the region. Already they are the mainstay of foreign affairs and public affairs in this region, in the various countries. Tomorrow, I know they will be ministers, perhaps prime ministers and presidents, and they will not only be a strong troupe for the Brookings Institution, but they will make a tremendous contribution to peace, cooperation, and prosperity in the region.

Today we have a full slate of important topics—what is happening on the Korean Peninsula, on U.S.-Korea relations, and on the future structure and architecture of security in the region. I have already read the papers which will be presented here and I'm sure they will provide a very rich and productive discussion throughout the day. So I look forward to a full day of a very fruitful conference.

Again, I would like to thank the Brookings Institution and President Strobe Talbott for bringing this conference to Seoul so that we can benefit from the proceedings.

Thank you very much.

STROBE TALBOTT: Thank you very much Sung-Joo. I want to begin by reciprocating the spirit of your very kind opening remarks. And I'll share with the group, if I might, a brief recollection of how Sung-Joo and I met.

One of the best pieces of good fortune that befell me in the eight years that I had a chance to work in the United States government was getting stuck in a perfectly god-awful traffic jam in Bangkok, Thailand. And the reason it was so fortunate is that I was on a bus with other ministers participating in an ASEAN regional forum meeting. Sung-Joo was the Korean foreign minister at the time, and we were seatmates. While our colleagues were all going slightly crazy as we moved about six blocks in the course of an hour and a half, I was getting an education on this region, on this country, and on global issues as well.

As a result, I had a chance to appreciate then not only what a superb diplomat he was, but also what a good teacher. And I feel I've learned a lot from him in the years since then, including, I might add, in the last 24 hours. So it's terrific yet again to be able to work in tandem with him.

I'd also like to use these few minutes before we get down to business to thank other members of the leadership and staff of the Seoul Forum. That goes particularly for the chairman, Dr. Lee Hong-Koo, who, by the way, is somebody I have a connection with, too. That is, we both spent some time in the Yale political science department. In his case, however, he actually got a Ph.D. out of it, which I did not. But I certainly had nine good months in that same program that gave you your degree.

Then, of course, the president emeritus of the Seoul Forum, somebody I will always think of as Ambassador Kim—Kim Kyung-Won—who has been a good friend to me and to Brookings over the years.

One reason that the U.S.-Korean relationship is so strong is because of the quality of public servants who have kept that relationship strong both here in Seoul and on postings to Washington. It's a great credit and great benefit to us at Brookings that so many people who are in that category have ended up as advisors to CNAPS, the Center for Northeast Asian Policy Studies, and supporters of Brookings activities.

Our other major partners in this event include Dr. Kil Jeong-Woo, the publisher of JoongAng Ilbo, who has been responsible, among other things, for my getting grilled for an hour by one of his very best correspondents yesterday. I cannot wait to see the results. And continuing the close ties with Brookings, in this morning's JoongAng Ilbo, both in the English-language edition and in the Korean-language edition, there is a very astute article by my predecessor as the president of Brookings, Mike Armacost, which is largely about Japan but also has a very trenchant paragraph about Korea. I hope that all the panelists today will have a chance to look at that because I think some of those subjects that Mike addresses are going to come up here, particularly in the case of Yoichi Funabashi's panel.

I also would like to thank Mr. Koo Pyong Hwoi, the chairman of the Korean-American Association. And, I would finally like to offer a special thanks to the Korea Foundation, which has been a very important supporter of CNAPS and therefore of this event.

Finally, I would be remiss, since not everybody among our Korean friends here knows the Brookings delegation, just to say a word about the good company I'm keeping in coming here to Seoul for this meeting.

We have, of course, our leader, CNAPS director Richard Bush. We have Jack Pritchard, whose face is very familiar to you and whose name is well-known, having done so much to advance both the bilateral relationship and the cause of peace on the peninsula. We have Ivo Daalder, who is one of America's leading experts on foreign policy, from whom you will be hearing. We have Mike O'Hanlon, who is our principal expert at Brookings on military and defense issues and who, every time I saw him yesterday, seemed to be wearing a flak jacket of some kind and made what I'm sure is his 38th visit to the DMZ. You'll be hearing from him during the course of the conference, as well as Jing Huang, who is a member of the team that is putting together our new China Initiative at Brookings. And Yoichi Funabashi, who we're lucky enough to have as a distinguished visiting fellow at Brookings.

We also have a number of members of the CNAPS Advisory Council, in addition to the Korean members. I would like to thank Frank Ching for coming from Hong Kong, Professor Ding Xinghao from Shanghai, and Paul Hsu from Taiwan for joining the Korean members of the CNAPS Advisory Council here today.

Finally, we have in our midst during the course of the conference a number of alumni of the Center for Northeast Asian Policy Studies visiting fellows program that brings promising and outstanding people from various walks of life from this region to Brookings for an academic year. The fact that they are willing to come the considerable distance to be part of these conferences on an annual basis shows the kind of solidarity that has built up among them. And that is a very important part of what CNAPS does. In addition to running terrific programs—and I'm quite sure this will be another one today—we're also building a network that is both trans-Pacific and pan-Asian.

I am now pleased to give the floor back to Lee Hong-Koo, moderator of the first panel, and our first presenter, Professor Lee Nae-Young of Korea University.

LEE NAE-YOUNG: During the last three years as director of the Center for Public Opinion in the East Asia Institute, I have conducted various opinion surveys which examine Korean public opinion leaders' views on international affairs, U.S.-Korea alliance, and on North Korea.

In introducing a major finding of this opinion survey, I will try to address two main questions. First, how has North Korea has evolved in the last 15 years? And second,

what are the policy implications of the changing South Korean perceptions of North Korea for the ROK-U.S. alliance.

First, I will talk about the evolving South Korean attitude toward North Korea. During the Cold War era, most South Koreans had a deep suspicion and fear of the North Korean regime and its aggressive policy against South Korea. Yet, the demise of the Cold War international order, the increasing power disparity between the two Koreas, and the democratization of South Korea all led to profound changes in the Korean attitude toward North Korea.

After the end of the Cold War era, South Korea established diplomatic relations with the Soviet Union and China. After losing communist allies and becoming more isolated from the international community, North Korea decided to engage South Korea in a dialogue and the two Koreas finally joined the United Nations simultaneously in September 1991.

In the mid-1990s, North Korea suffered from severe food shortages and famine. South Korea began to see North Korea as a poor, starving brother in need of help. So the majority of the South Korean public perceived that the failed North Korean regime could not be a serious threat to South Korea due to the power disparity between the two Koreas. According to a Gallup Korea poll, in the late 1990s, the majority of South Koreans began to view South Korea's military power as superior to that of North Korea.

Democratic transition in 1987 made engagement with North Korea politically acceptable within South Korea for the first time. During the authoritarian period, economic growth and anti-communism were the two main pillars to justify authoritarian rule. However, after the democratic transition, the government often pursued an engagement policy with North Korea, even though the content of the policy differed intensely between the different administrations.

The sunshine policy and the subsequent inter-Korean reconciliation mood initiated by the Kim Dae-Jung government significantly changed South Korean attitudes toward North Korea. The Inter-Korean Summit in June 2000 especially had a clear, deep emotional and psychological impact on the South Korean public's view of North Korea. Current president Roh Moo-hyun and his policy staff have been ardent supporters of the engagement policy. The Roh Moo-hyun government continues to abide by the basic contours and tenets of the sunshine policy.

The cumulative effect of all of these changes led to a substantially diminished South Korean fear of North Korea. The majority of Koreans now believes that North Korea no longer has the power to invade South Korea, even though Pyongyang may still have a desire to do so.

To the question, "Do you think North Korea can force a war on South Korea?," 69 percent of the Korean public answered "yes" in June 1992. Since then, the percentage of "yes" answers has declined steadily, and reached the lowest point, 33 percent, in

November 2002. This result indicates the threat perception of North Korea among the Korean public declined substantially during this period.

However, the Korean public's suspicion and fear of North Korea have resurged in recent years. News of the nuclear weapons program by North Korea since 2002 created a sense of betrayal by North Korea against South Korea among the South Korean public. A 2004 joint survey by the East Asia Institute and the Chicago Council on Foreign Relations indicates that the Korean public perceives a high level of threat from North Korea's nuclear program. To the question, "Do you think North Korea has nuclear weapons?," 75 percent of the Korean public answered "yes." The remaining 25 percent answered "no." In addition, 88 percent of the Korean public would feel threatened if North Korea had nuclear weapons.

Furthermore, a skeptical view of the sunshine policy has increased in recent years. Skeptics argue that the current North Korean leadership does not have the willingness and capability to pursue real change and the sunshine policy only helps to support the status quo.

Another frequent criticism of the sunshine policy cites Pyongyang as unresponsive to Seoul's engagement policy with its own concessions. In addition, many Koreans felt vindicated by the revelation late in Kim Dae-jung's presidency that North Korea received $500 million shortly before the summit meeting.

My paper indicates that the Korean public currently has a very negative view of North Korea. To the question, "What influence do the following countries have on South Korea?" the negative influence of North Korea perceived by the Korean public is the highest at 59.2 percent. By contrast, the positive influence of the United States perceived by the Korean public is the highest among five countries. This result indicates the majority of Koreans consider North Korea as a serious threat to South Korea.

Another salient feature of the Korean attitude toward North Korea is the sharp division of public attitude. There has been a heated debate on how to deal with North Korea. The so-called South-South conflict over the proper policy toward North Korea has emerged as a major ideological conflict in South Korea. The cleavages are salient around the generational and ideological lines. The older generation and conservatives tend to view North Korea with fear and suspicion and to be skeptical of the sunshine policy. The younger generation and liberals, by contrast, are likely to view North Korea as a brother in need of help and to support more engagement with North Korea.

My paper shows the result of a cross-tabulation of public feelings toward a North Korea possessing nuclear arms, by age group, ideological orientation, and supporting parties. There is a sharp disparity of views on a nuclear-armed North Korea among the different age groups. In addition, we can discern a significant division of attitude toward a nuclear North Korea by ideological orientation and supporting parties. So divided public opinion on North Korea and the ROK-U.S. relations have been the key cause of ideological conflict in South Korea. The signs of such conflict have frequently appeared

in Korean society, as the recent conflict over the statue of General Douglas MacArthur vividly shows.

Let me move to the second question of this paper, "What are the implications of the changing attitude and perception of the Korean public on U.S.-South Korea relationship?"

South Korean attitudes toward North Korea are closely tied to attitudes toward the United States and the ROK-U.S. alliance. Those who view North Korea with fear and suspicion and are skeptical of the sunshine policy tend to have a favorable attitude toward the United States and are supportive of the ROK-U.S. alliance. In contrast, those who have an amicable view of North Korea and support the engagement policy tend to downplay the legitimacy of the ROK-U.S. alliance.

In this respect, the recent wave of anti-Americanism in South Korea is closely linked to the changing Korean attitude toward North Korea. In other words, there are two conflicting perceptions of the United States among the Korean public. While some Koreans perceive the United States as a reliable ally that can guarantee national security, others hold the opposing view, that the United States is an impediment to rapprochement between Seoul and Pyongyang.

Therefore, the changing of South Korea's perception of North Korea has intensified the debate about the future alliance between Korea and the United States. In particular, the widening perception gap on North Korea between South Korea and the United States has been considered one of the main sources of the strained relations between two allies. Many policymakers and journalists within the United States and in South Korea wonder whether the Korean leadership and public regard North Korea as a common enemy.

The perception gap between the United States and South Korea can be analyzed at two different levels—the government level and the public level. At the government level, there is no question that the perception about North Korea has been divergent in recent years, and this perception gap has been the main source of tension in the alliance. In fact, different approaches to the North's nuclear weapons program in Seoul and Washington seem to result from their sharply differing perceptions of North Korea. President Roh Moo-hyun regards North Korea as a partner in negotiation rather than an adversary. By contrast, we all know that President George Bush branded North Korea as a member of the axis of evil.

The remaining question is, "Is this threat perception gap between the United States and South Korea also salient at the public level?" Some newspaper columnists and pundits both in South Korea and the United States have reported that the perception of the South Korean public of the threat posed by North Korea has declined significantly in the last decade. It has become a great challenge to the ROK-U.S. alliance. Public opinion poll results indicate, however, these alarmist worries have been exaggerated.

As my paper shows, both the South Korean and American publics share the common-threat perception. International terrorism and the North Korean nuclear program are selected as two major critical threats to the national interests of both countries in the next 10 years. Although the level of threat perception about terrorism and the North Korean nuclear program is higher among the American public than among the Korean public, there is no question that South Koreans and Americans share the threat perception about terrorism and the North Korean nuclear program.

While both the Korean and American publics share the common-threat perception of North Korea, there is a clear difference on how to deter the North Korean nuclear program. As my paper indicates, the majority of the Korean public, as well as opinion leaders, favor the strategy of dialogue and negotiation between the United States and South Korea. Preference for diplomatic pressure is 26 percent. Support for economic sanctions is 11 percent among the opinion leaders and 21 percent among the public. It is noticeable that only a tiny portion of opinion leaders and the general public advocate military action against North Korea to resolve the nuclear crisis.

The American public, by contrast, is ready to support military action as a strategy to deter the North Korean nuclear program. Figure 5 of my paper indicates the differing attitudes of the Korean public and the American public regarding the question of when can countries go to war. 55 percent of Americans think that countries can go to war when there is an imminent danger of being attacked by another country, while only 26 percent of Koreans support going to war in the same situation. Of Americans, 17 percent support going to war upon an enemy country's acquiring weapons of mass destruction, while 10 percent of Koreans support war in the same situation. Moreover, 30 percent of Koreans, compared to only 4 percent of Americans, think that war should be avoided in any situation.

To summarize, the American public favors a more active, aggressive response to international terrorism and North Korean WMD. The main reason why the Korean public favors negotiation and dialogue as a resolution strategy for the North Korean nuclear program is that military action against North Korea might lead to widespread military conflict or war on the Korean Peninsula and would be disastrous to the South Korean economy and society.

Let me conclude by making a few remarks. Korean attitudes toward North Korea have been very volatile and divided. Korean fear of the North Korean threat was drastically reduced, and public support for reconciliation and cooperation with North Korea increased. However, in the last two or three years, public euphoria and optimistic expectations about inter-Korean reconciliation and cooperation have been diminished, mainly due to the North Korean nuclear program. Public fear of the North Korea threat has results. Public support for the sunshine policy has declined. A recent opinion poll also shows that there is not so wide a gap between threat perception of the Korean public and the American public toward the North Korean nuclear program. Nevertheless, a divided public opinion among the South Korean public toward North Korea remains salient and should be taken into account seriously.

As a result, this trend of public opinion indicates the main source of fissure and tension in the U.S.-South Korea alliance are diverging perception and policy tenets of the two governments toward North Korea. Considering the facts, the South Korean public shows its support for the U.S.-ROK alliance to deter the North Korean threat. The policy stance of the current Korean government does not seem to adequately represent the policy preference of the Korean public. There is a clear gap between the policy direction of the South Korean government and the trend of public opinion.

I'll stop here. Thank you for your attention.

LEE HONG-KOO: Thank you very much.

For your information, particularly for those from Brookings, Seoul Forum means a forum, not a think tank. And the East Asian Institute—obviously Dr. Lee is a key member—is a think tank and research institute that conducts very important surveys and the result regularly appear in the JoongAng Ilbo. So you may keep your connection with the institute.

Our next panelist is Ambassador Jack Pritchard. Many people consider him as the expert in dealing with the North Korean issue at the moment, so I cannot think of any better person to talk about the six-party talks and the current state of the negotiation with North Korea.

Ambassador Pritchard.

JACK PRITCHARD: Thank you very much. I'd like to also express my appreciation for the opportunity to be here to join my colleagues from the Brookings Institution. It's important that we come to Korea to express our views and to engage in a dialogue, and I hope to do that today.

You will notice by the title of my paper that my update is a question mark. The title of the paper and the talk that I'll give is "Six-party talks update: False start, or a case for optimism?" I'm going to reverse the order of what I'm going to talk about and talk to you very briefly about the fourth round and why I certainly was hoping that it was a case for optimism. And then I will transition into the period between the fourth and fifth round, the fifth round and what has occurred after that, and suggest to you that perhaps it may have simply been a false start.

What do I mean by "false start"? Well, let's go back and take a look at what I mean by “a case for optimism.” I initially believed that the fourth round of talks that were held in late July and ended on the 19th of September were an indication that the U.S. administration had changed course. During the first four years, the administration’s North Korea policy was marked by a lack of direct dialogue, an incoherent policy that was, if nothing else, characterized by in-fighting within the administration—not a clear policy track. I thought that with the introduction of Ambassador Chris Hill and the

results of the fourth round, we may very well have seen a substantial change and a movement towards a new direction which would allow the negotiating process a fair attempt to resolve the current process.

So let me briefly go through, if I can, the events of the fourth round that led me to my initial observations that it was in fact a case of optimism.

First and foremost, let's look at the role of Ambassador Chris Hill. He has done a remarkable job. And regardless of how things turn out, I will not go back and change my opinion of what he has done and how he has brought the U.S. policy toward North Korea in a new direction.

Part of what Ambassador Hill brought was a contract with Secretary Rice and, hopefully, with the president of the United States that would allow him to engage in a professional approach to diplomacy. It gave him wide latitude in how to conduct negotiations and gave him essentially unrestricted to bilateral contact with North Korea.

In this same period of time, Ambassador Hill was able to convince the administration that they needed to bring the rhetorical tone down a notch. The North Koreans noticed this change quite remarkably, for example, very early on, President Bush began to refer to Kim Jong Il as "Mr. Kim." That doesn't seem like much, but in a four-year period during which the president of the United States referred to Kim Jong Il as a tyrant, a dictator, a pygmy, and part of an axis of evil, a simple title of "Mister" went a long way with the North Koreans.

What happened to move us to the fourth round, as you may well know, was a series of public statements which the North Koreans have heard off and on for awhile on the U.S. support for the sovereignty of North Korea. The North Koreans have chosen to ignore these statements until the United States took a deliberate approach, packaged them as an official U.S. message, put them through what we refer to as the New York channel—between Ambassador Joe DeTrani and his counterpart, the North Korean U.N. Ambassador Park Gil Yon—and delivered it to the North Koreans. That got their attention, and they responded in a positive manner.

But more importantly was the personal role of Ambassador Hill as he prepared to enter into the negotiations; he reached out and made contact with the North Koreans in a very interesting way. He called Joe DeTrani, who was in an unpublicized bilateral meeting in New York with the deputy head of delegation for North Korea, Lee Gun. And at that point in time, DeTrani took the phone call on his cell phone and handed the phone to Lee Gun. And on that phone call, Ambassador Hill made the preparations and the suggestions that Ambassador Hill and his counterpart, Vice Foreign Minister Kim Gye Gwan, meet alone, bilaterally, in Beijing before the start of the fourth round of six-party talks. That went a long way in building the credibility of Ambassador Hill with the North Koreans in terms of his boldness, in terms of his professionalism, and in terms of his ability to treat the North Koreans as a diplomatic equal.

The North Koreans themselves, I believe, reciprocated this professional action. As you recall, the formula for the previous rounds of six-party talks was essentially three days of plenary discussions, haggling over joint chairman statements, and then ending the session without any substantive progress at all. The fourth round was remarkable both in its length and its substance. The first session went 13 days; there was a recess, and was then followed by a seven-day session, and then there were 20 more days of negotiations, which were primarily bilateral in nature, within the context of the six-party talks.

In this fourth round, it was the intention of Ambassador Hill to establish some guidelines that would help in the serious negotiations over the details that would follow in the upcoming rounds of negotiations. Ambassador Hill wanted to develop a common understanding, a statement of principles, and his idea was that once you did that and these key elements were agreed upon by all parties, then you would leave that aside and you would not have to renegotiate on each round as is normally the custom when you're dealing with the North Koreans.

But what happened during the fourth round, as you're well aware, is the North Koreans' insistence on a respect for their sovereignty. And what they decided upon was a tangible item, and that is the peaceful use of nuclear energy. And they found a weakness in the United States position in the initial 13 days of talks in which the United States initially declared that North Korea has no right to a peaceful nuclear program of any kind at any time, ever. This position left the United States somewhat isolated. And at the end of the day, if you will, the United States was faced with the possibility of 4 against 2 or 5 against 1 in which the United States, and perhaps Japan, would be alone in opposing China, South Korea, Russia, and North Korea on the issue of the right of North Korea to have a nuclear energy program.

During the recess, which was itself marked by controversy as you may recall, the North Korean military objected to the announced joint U.S.-ROK military exercise Ulchi-Focus Lens that would take place during this recess period. Now, I happened to be in Pyongyang at the time and I remarked to Vice Minister Kim Gye Gwan, who didn't know that this annual event, which is held almost exactly at this time each year, was going to happen again this year: “Which of your generals are you going to fire?” He didn't think that was very funny at all.

But during this recess period, the North Koreans refined an idea that they had developed during the last part of the first session of the fourth round. This idea was that the tangible evidence of United States’ support of the idea of sovereignty of North Korea and the peaceful use of nuclear energy would come in the form of an LWR, light water reactor—something that the Bush administration has been absolutely opposed to, as you have seen in the termination of the current LWR project that was part of the 1994 agreed framework.

After the recess, it looked as though there was going to be deadlock. The Chinese, having done four drafts during the first portion of the fourth round, came up with a fifth draft and, towards the end of the last week in Beijing, essentially told both the United

States and Pyongyang, “This is a good draft, it represents the common ideas that we've been talking about, you must take it or leave it. And if you walk away from it, you'll be blamed for the collapse of the talks.”

This placed Dr. Rice in a very difficult position of how to justify agreeing to a joint statement that contained the notion that the United States would be willing to discuss with North Korea the idea of a provision of a light water reactor. She got around this through discussions back in Washington that the U.S. would issue a separate statement and explain their views of why they signed this document and what it meant.

Now, what occurred—and this is the key as I transition into whether or not this is a case for optimism or potentially a false start—is that Ambassador Hill had the task during this period of time to negotiate behind the scenes in Beijing with Russia, South Korea, Japan, and China to make sure that all had a clear understanding of what "an appropriate time" meant, and it meant that an appropriate time would be after North Korea had given up its nuclear weapons program, after it had re-entered the NPT, and after it had come into compliance with the IAEA safeguards.

While he was doing that, what I would refer to as the old hard-line element of the first term of the Bush administration began to draft the U.S. response in Washington without the input of Ambassador Hill. And in that response that was given to Ambassador Hill, which he was required to issue in Beijing, the U.S. position went beyond the common understanding that he had already negotiated with the other partners. It added that the United States position on when would be “an appropriate time” would also be after the North Koreans had demonstrated a sustained commitment to transparency and cooperation and had ceased the transfer of nuclear technology. That meant that the United States alone would determine when and if the North Koreans met that very vague condition.

You know what happened. The North Koreans the following day, in response to the U.S. action and that U.S. statement, issued their own statement, which said if you're going to redefine what our common understanding was, then we will redefine it as well. And this means that you will first provide us with an LWR before we'll even think about dismantling it. And that set off what promises to be an opening of renegotiation of the joint statement that was signed on the 19th of September.

Immediately after the fourth round, Ambassador Hill indicated publicly that he would be willing and actually preferred to go to Pyongyang between the fourth and the fifth rounds. That idea was turned down by the vice president's office. Ambassador Hill was told that he could not go unless the North Koreans in return agreed to the conditions of shutting down their facilities at Yongbyon, stopping the reprocessing, and shutting down their 5-megawatt reactor.

Now, that's a little odd for a couple of reasons. One, for two years prior to this, the United States has openly expressed disdain for negotiating a freeze at Yongbyon—this very same idea. But yet, the vice president's office is now asking, or

demanding, as a condition for Chris Hill to go to Pyongyang, that the North Koreans unilaterally give up their activities at Youngbyun. Secondly, other than the operation of the 5-megawatt reactor, the North Koreans had already completed all of the reprocessing, but yet that was part of the demand. They had finished the reprocessing that was going on during the negotiations of the fourth round, and it was completed at the end of August or the beginning of September.

Three other things happened that you're well aware of that got the attention of the North Koreans. That was the announcement by the United States that North Korea had been counterfeiting $100 bills and that there was a connection with the Irish Republican Army person, Sean Garland, that he was responsible for the money laundering that provided weapons to the IRA. So, if you will, they've set the stage – not yet explicitly, but there's a technical connection now – for the first time between North Korea and terrorism, through the counterfeiting of these notes and the provision of that money to Sean Garland and the IRA, even though it's probably no longer going on.

The second item that really got the attention of the North Koreans was the decision and the announcement on the 20th of September that a bank in Macau, the Banco Delta Asia, was involved with money laundering activities and would be sanctioned by the U.S. Treasury Department.

The third item was that eight companies from North Korea were sanctioned, their assets were frozen, for the potential transfer of WMD or their transfer mechanism, meaning missiles.

So the North Koreans during this recess between the fourth and the fifth round are hearing a very different picture of what is the United States policy towards North Korea. Now, that is not to say that anybody can defend the North Koreans' actions—you can't. But we have known about these for a long time and the timing of them is interesting, and how they were laid out.

In an interview, Under Secretary of State Bob Joseph, who I code as representing the second track of U.S. policy, suggested that while these actions were independent of the six-party talks, they would have the intention of supporting success in the six-party talks. Clearly they did not. During the fifth round of talks, three days that occurred in November, the North Koreans and the United States didn't talk about the nuclear problem, they talked about the sanctions. The North Koreans demanded that the sanctions be discussed before they could go on to serious discussions of the nuclear issue.

Chris Hill indicated that they could provide a briefing to the North Koreans—not a negotiation, but the North Koreans could come to New York and receive a briefing. That idea, apparently, had been nixed by the secretary of state and the vice president's office. In a proposed trip by Vice Minister Kim Gye Gwan and Lee Gun to the United States with technical assistance on their part, they were denied a visa, thus they cannot travel to the United States. Secretary Rice recently in an interview with USA Today

conducted within the last couple of days, indicated the North Koreans don't need to have a bilateral with the United States, they know what they have to do to stop counterfeiting.

So what I would suggest is that there are two distinct tracks going on. One, I suggest, is represented by Chris Hill, the other by Bob Joseph. This is a simplistic code and it's certainly by no means accurate in terms of who's doing what and what they actually represent. But for ease of conversation, that's how I have described it.

What I'm concerned about is, as the hard-line element, represented by Bob Joseph, has reemerged and perhaps taken charge of the development of policy towards North Korea. In an effort to regain latitude and negotiating power that he had before, Ambassador Hill, to reassert his credibility within the administration, is borrowing the language and the philosophy of the hard-line element, in some parts. He is repeating some of the same language that has come out—demanding that the North Koreans stop their activities and Yongbyon, stop the reprocessing, et cetera. He talks about the regime and why it's not succeeding. But in doing so, he is, unfortunately, also losing the credibility that he has built up with the North Koreans as a professional negotiator.

So I am most concerned with the first-term characterization of U.S. policy being one of conflict. How will we address North Korea? What will we do? What is still going on is that there is an internal conflict that has not yet been resolved and it is represented in shorthand by the efforts of Ambassador Hill and the efforts of the hard-line element under Bob Joseph. And my fear is that the optimistic approach that we saw, represented by the fourth round up until the actual signing of the joint declaration on 19 September, may give way to what we have seen as the reemergence of the hard-line element. And therefore, my description of the joint declaration as perhaps a false start may be accurate, and I am concerned about that.

With that, I will stop.

LEE HONG-KOO: Thank you. That was really enlightening.

Our third panelist is Professor Chung Jae Ho from Seoul National University, and he will talk about the Korean situation and the rise of China. Please.

CHUNG JAE HO: Thank you, Mr. Chairman. Let me also join the two other speakers in saying that it is a great pleasure to be part of the annual fall conference of the Brookings Institution.

My theme is a bit different from the previous two because I'm focusing on China rather than on North Korea. It seems to me that the rise of China has already become a global phenomenon. I think few would argue with the fact that China is indeed rising, although I think opinions may certainly vary concerning the nature of the process as well as the consequences of such a rise.

Different corners of the world have responded to the rise of China in different manners. In Asia, I think the variations are particularly evident because China's draw has been strongly felt in the region and reactions by Japan and Taiwan were definitely different from those by Myanmar and Malaysia. And I think nowhere have the responses to China's rise been more favorable and receptive than in South Korea, where I think China has managed to win the minds of both elites and the general public. I will get to the details of this later on. Let me first delineate some indicators and attributes of the rise of China over Korea in both economic and diplomatic terms.

First, I will talk about trade. In 1993, only one year after the normalization of relations between China and Korea, China had already become South Korea's third-largest trading partner, after only the United States and Japan. In 2003, China—excluding the data from Hong Kong and Macau—replaced the U.S. as South Korea's top export market. And last year, in 2004, China eventually surpassed the U.S. as South Korea's top trading partner.

What is more interesting is the share of trade with China in South Korea's total trade, which rose from 2.8 percent in 1990 to 9.4 percent in 2000 and almost 17 percent last year in 2004. And it will be about 18.5 percent this year. This year, I think the Sino-Korean trade will surpass the $100 billion mark, which would actually be an accomplishment three years ahead of the expected schedule. And also, since the normalization in 1992, Korea has scored huge trade surpluses with China, without exception. In 2004, it amounted to about $19 billion, which accounted for about 80 percent of South Korea's total trade surplus. So in a sense, I think South Korea has become addicted to trade with China.

Investment is another pillar. Although some negative goals were recorded for the period '97-'98 because of the financial crisis, China soon returned to the South Korean investors. In 2002, South Korea's investment in China, for the first time, surpassed its investment in the United States. And in 2004, South Korea became the number-one investor for China. We now have over 30,000 firms importing from China. South Korea's investment in China accounts for about 46 percent of all South Korea's foreign investment since 1968.

I think this trend will probably continue, because according to many surveys, over 80 percent of medium-size and small-size firms in Korea would like to relocate themselves to China—which is very natural, because South Korea's manufacturing sector wage is about 12 times higher than those in China. And according to a recent report, about 6.5 percent of South Korea's labor force relies exclusively on the China market. So that's about 6 million people who rely on trade with China. That makes China very important for South Korea. A 1 percent drop in China's GDP will create a corresponding 0.2 percent decline in South Korea's economy. Accordingly, China matters dearly to South Korea in economic terms.

Let me talk a little about security. Few South Korean security experts discuss publicly and negatively the military implication of the “rise of China.” As Barry Buzan

in particular has noted, there is little balancing against China in Korea. Despite the formidable threat that China may potentially generate for South Korea, no trace of security concern is evident.

The rise of China is evident in Seoul. So in a sense—and I will get back to this later—to many Koreans, the rise of China is perhaps more acceptable than the rise of Japan. Is this unique to Korea? Actually, I would say that it is not. Many experts have already noted that there is not much of a balance against China with Asia in general, but probably more evident in the case of South Korea.

Does China matter in cultural and perceptual terms? As of last year, about 200,000 South Koreans were long-term residents in China, including 46,000 students, which accounts for about 50 percent of all foreign students in China. We now have about 450 air routes between Korea and China. Last year, about 3.5 million people traveled between U.S. and China, while the figure between U.S. and Korea is declining.

I have collected about 23 nationwide surveys, conducted since 1988, which included questions about perceptions toward China and the United States, and I found four distinct characteristics.

The first one is that South Korean perceptions of China have become increasingly favorable during the period concerned. Second, South Korean views of the U.S. have consistently declined. Third, most nationwide surveys considered here indicate that South Korean perceptions of China were more favorable than perceptions of the United States until the summer of 2004. In the summer of 2004, when the history controversy over Koguryo erupted between Korea and China, public perceptions of China began to plummet. And fourth, South Koreans' favorable perception of China was inversely correlated with the age of the Korean respondents. South Koreans' favorable perception of the United States was positively correlated with their age.

This, I think, poses an interesting question; that is, whether the election of Roh Moo-hyun as the president in December 2002, an election which was mainly engineered by those in their 20s and 30s, might have led to a South Korean foreign policy with a stronger China component and weaker U.S. component. Of course, it is too premature to say anything about this now, but this will be an interesting question to explore later on.

Let me cite an interesting survey that was quoted in JoongAng Ilbo on February 12, 2003. According to this survey, 59 percent of the respondents were in favor of Seoul's detachment from a U.S.-centered diplomacy. I think people have debated since then how much of the China component or U.S. component should be included in Korea's diplomacy. And I think the government’s position was very subtly presented in the administration's policy of cooperative and independent national defense. I think debates are still going on, both on top and under the surface.

This debate could not have come at a worse time, because I think South Korea's relations with the United States were not as smooth as they used to be. Diverging threat

perceptions vis-à-vis North Korea are evident, and there were also controversies and debates regarding the southward relocation of American forces, and so on.

Debates in Korea about relations with China will continue in the short and mid run. I think four factors will be very important in determining the outcome of these debates.

The first one is the political economy aspect. That is, as long as China sustains its growth, I think China's draw will become increasingly stronger as well. That is to say that China, with its huge market and investment opportunities, will draw South Korea increasingly closer. But if something happens to China's economy, as I said earlier, a 1 percent drop in China's GDP will create a corresponding 0.2 percent decline in South Korea's economy; so this might be a very important factor.

Second, expanding bilateralism and favorable perceptions notwithstanding, it is also very possible that China will increasingly impose on Korea. Many in Seoul are afraid that a stronger China may become increasingly audacious toward South Korea, as the Ming and Qing courts did toward Chosun. Recent controversy regarding the history of Koguryo has poured cold water on Chinese-Korean relations, and that has created an enormous impact, particularly on the minds of the intellectuals in Korea. Consequently, if that continues, if the history controversy occurs again between Korea and China, I think that will create serious frictions between Seoul and Beijing.

Third, although the intellectuals and policy experts in Korea used to have some "separation anxiety," meaning South Korea does not want to depart from the U.S.-centered diplomacy, due to changes which have occurred during Kim Dae-jung's presidency and have strengthened during the successive administration of President Roh Moo-hyun, this anxiety is diminishing. I think these changes must have been very hard for the United States to swallow, but that's exactly what is happening.

I think one fundamental question here is the disparity of attention given to one another between Seoul and Washington, which is inherent, in a sense, because the U.S. is a global power which has to take into consideration various aspects—global, regional, and bilateral—but for Korea the United States takes up more than half of its policy horizon. So, this disparity of attention, I think, is a structural problem which cannot easily be overcome but nevertheless is very important. Many problems and a lot of tension in the alliance were simply taken for granted in the past, but it is not going to be so tolerated for the future. So I think that will remain to be resolved.

Finally, the Japan factor. The Japan factor, I think, may also come into play, further complicating the already complex equation. There is a difference between how South Korea views Japan and how the U.S. views Japan. I think Japan is always viewed favorably by the United States, compared with China which always tops the adversary list in the United States. But many in South Korea believe that because the rise of China is probably more acceptable than the rise of Japan. And Washington's continuously assigning a more strategic importance to Japan and Japan's continuous rightist drift will

probably push South Korea closer to China, even without conscious efforts of wedging on China's part.

In sum, I think South Korea is in the process of strategic soul-searching. But in the short run, I think South Korea will continue with its dual strategy of maximizing its benefits from good relations with both the U.S. and China and minimizing its costs from the estranged relationship with the United States. But in the long run, the same cannot be applicable because U.S.-China relations will become the most important variable, just as U.S.-Soviet relations once were. Even though any change in U.S.-China relations could influence Korea, we have no control whatsoever over U.S.-China relations, so that creates an enormous dilemma for us. In the meantime, I think it is imperative that South Korea refrain from making premature decisions and maintain a strategic ambiguity. So I think, in sum, prudent diplomacy is required, but then again, prudence comes at a premium.

I will stop there. Thank you.

LEE HONG-KOO: Thank you very much.

For those who would like to follow Professor Chung's presentation or arguments further, his forthcoming book, "Between Ally and Partner: Korea-China Relations and the United States" comes out next year from the Columbia University Press. Dr. Chung's book, I think, will be a very interesting work and we will be waiting for it.

We really have had very good presentations from the three panelists. My impression is that they just highlighted the simple fact that we have a number of divisions and consequently a number of confusions everywhere. Dr. Lee highlighted the divisions and confusion in the minds of Korean people. Ambassador Pritchard basically explained the divisions and confusion in the U.S. government. And Dr. Chung's presentation suggests that while things are going reasonably well, we are not really sure what is holding the East Asian regional relations together. There seem to be a sufficient amount of divisions and confusion between China and Japan, and Korea and Japan, and so on.

So when you add up all these confusions and divisions, it's no wonder why things don't look too stable, and we're all concerned. In fact, I think throughout today we will really have a chance to get into these issues a little more in detail, especially in the next two sessions when we deal with East Asian regional problems, U.S. relations with China, and so on.

In the meantime, there are at least four people who presented their questions in writing. Since we have only slightly less than half an hour for discussion, I will give priority to these four people who have raised questions and ask them to briefly make an oral presentation of their questions. And time permitting, I may ask a couple more to do so and then we'll go back to our panelists.

So we'll start with Professor Lee Jae-wong of Korea University.

QUESTION: I would like to ask a very short question to Professor Chung Jae Ho of Seoul National University. What are the recent visible, foreseeable movements of the Northeast Project both economically and geopolitically?

LEE HONG-KOO: And the next one. We'll just collect the questions and then we'll ask our panelists to answer and make comments.

QUESTION: My question simply is to Professor Lee Nae-Young. Your paper is based primarily on opinion polls regarding the threat perception and emphasis on those perceptions. My question is what is your own opinion and understanding concerning the reality of the North Korean military threat, particularly against Seoul and this area, especially from the artillery?

LEE HONG-KOO: Thank you. The next question comes from Dr. Kim Sung-han.

QUESTION: My question goes to Mr. Pritchard. If we look at the U.S. sanctions against Banco Delta Asia or some other companies, it seems to me the United States has finally found how to strangle North Korea. So do you believe the United States will continue to show "flexibility" in the forthcoming talks, as it did before? Another question is do you expect that the Bush administration is going to deal with the North Korean human rights issues?

LEE HONG-KOO: One more question for Ambassador Pritchard from Mike Raska of the Samsung Economic Research Institute.

QUESTION: Yes, I have a question for Jack Pritchard. A recent report by the German magazine Der Spiegel noted a possible North Korean-Iranian connection. Some Iranian officials visited Pyongyang recently. I was wondering, what is the U.S. approach toward the Iranian nuclear program, and can you compare it with the North Korean approach? Thank you.

LEE HONG-KOO: Are there any other questions at the moment? Maybe two more, then we'll go to the panelists.

QUESTION: Thank you, Chairman. My name is Delfin Colome. I am the ambassador from Spain to Korea. I have a question regarding one of the subjects that has been mentioned right now, human rights. There is an increasing sensitivity in South Korea for human rights. Professor Lee Nae-Young, how do you think that the issue of human rights in North Korea is influencing the public opinion in South Korea? Thank you.

LEE HONG-KOO: One more.

QUESTION: Thank you. I'm Wu Xinbo from Fudan University. My first question is to Jae Ho and Professor Lee. Jae Ho argued in his paper that Korea has been

basically positive and receptive towards the rise of China, while Professor Lee quoted in his paper about the opinion poll in Korea that 46 percent of the respondents view the development of China as a world power as a critical threat to the vital interest in the next 10 years. So that seems to be contradictory in the respective opposite visions. So I want you both to say something about this.

And also, I want to add one thought about Chinese public opinion toward Korea. This poll was conducted, actually, by [inaudible]. When asked about the opinion towards Korea, U.S., Taiwan, and Japan, I think people have the most favorable opinion towards Korea, then next is Taiwan, and then it is the U.S., and Japan is the last. So that's what I wanted to add.

LEE HONG-KOO: Thank you. Now I'll ask our three panelists to make a response or further presentation.

Dr. Lee will start.

LEE NAE-YOUNG: Well, the first question with regard to my opinion of the reality of the North Korean military threat rather than the public opinion and perception, as you know, in my paper I try to summarize the public perception and opinion leaders' perception. In a democratic country, the policy is to represent, if not follow, at least, the public opinion to some extent.

Well, because you ask my opinion and my perception on the North Korean military threat, I think before the North Korean nuclear weapons program emerged, I tended to share the view that maybe the North Korean threat has been reduced because of the increasing power disparity between the two Koreas. But a nuclearized North Korea is a different story, especially because the international community, including the United States, will in no way allow North Korea to produce nuclear weapons. So, without resolving the North Korean nuclear weapons, the uncertainty and potential conflict or tension remains strong. We should not accept in any way, by any means, the North Korean nuclear program.

And also, I realize still the two Koreas are separate from each other. So I also agree that maybe in general the Korean public is not well aware of this potential threat from North Korea. So since the democratization and since the inter-Korean summit or sunshine policy, the general level of the Korean public perception of the North Korean threat has been reduced. So that's a worrisome phenomenon, especially given the potential danger of North Korean nuclear program. Maybe we need to raise the level of threat perception of the Korean public.

But one fortunate finding among the opinion leaders—I also surveyed opinion leaders on the North Korean threat or U.S.-Korean alliance—compared to the general public, opinion leaders are keenly aware of the danger of the North Korean nuclear program and threat. So even the opinion leaders themselves are divided and polarized with how to deal with North Korea.

The second question is the discrepancy between my survey and Dr. Chung's perception of South Koreans toward China. Maybe the difference is interpretation, or maybe a different period of survey. Well, as Dr. Chung mentioned, you know, because of the emergence of the history issue, South Korean public perception of China deteriorated dramatically. So that's one thing. Also, I think on a general level the Korean perception of China is not one level; it's a multi-level perception. In the economic aspects, most Koreans have a very favorable perception of a rising China as an economic power. But at a security level, many Koreans still have a sort of worry and concern of a rising China as a military power.

So maybe depending on how you ask the Korean public, maybe the answers are quite different. Maybe the economic aspect has a more positive response. Recent surveys, this year, show increasingly that the South Korean public has some of reservations about China as an alternative ally to the United States—many Koreans begin to feel China cannot be an alternative to the United States. That's very clear. Still many Koreans consider the United States as the best strategic partner for the foreseeable future. That, I think, there's no question about that. I'll stop here.

LEE HONG-KOO: Thank you. Inasmuch as Dr. Chung's presentation covered some of the points Dr. Lee has made, I'll just ask Dr. Chung to respond to the questions.

CHUNG JAE HO: Okay. First, regarding Xinbo's question, let me just echo what Professor Lee has just said, but I'd also like to add a few more things.

First of all, I think time frame is very important, whether or not the survey was conducted after the summer of 2004. After the summer of 2004, I think most of the surveys would indicate that South Koreans have a more reserved attitude toward China. So I think the Koguryo controversy had a clear impact on the minds of Koreans. But also, I think, given the 20-odd surveys, that there is a clear indication that South Koreans consider China as a threat and a competitor in terms of the economy, but not in terms of security. So there is a clear distinction on that one.

And concerning the question by Professor Lee from Korea University, let me just repeat the question again: What are recent visible, foreseeable movements of the Northeast Project both economically and geopolitically?

This Northeast Project is the name of the Chinese scholarly project that tries to incorporate the Koguryo history into Chinese local history. Before this project was pronounced, there was a consensus between the Chinese and Korean academia that Koguryo history was a shared history. But because of this project, China seeks to incorporate the whole of Koguryo history into China's local history. So that's how the problem came into being.

I think there was a five-point agreement between the two deputy foreign ministers of Korea and China on August 26 last year, and I think that since then, China has been

doing its share of resolving this issue. Particularly, the foreign ministry of China has made many efforts not to report this issue in the Chinese media because they were afraid that once that happened, then there would be a clash of nationalism between Korea and China and then the whole issue would become uncontrollable.

Also, I think the Chinese central government has been making efforts to rein in the local governments, which wanted to cash in on this Northeast Project by attracting tourists to these sites. So I think there has been good progress in containing the controversy and keeping it from turning into a complete clash between Korea and China. But I think I would still say for now it's hibernating rather than completely resolved.

LEE HONG-KOO: Thank you. The last point that Dr. Chung made about history, for those who are not really too familiar, when Dr. Lee mentions the "history issue," he is referring to the issue that Dr. Chung just explained; that is, there is some controversy between China and Korea on the interpretation of the history of the Kingdom of Koguryo, which is one of the three kingdoms which existed in Korea until the 8th century. And it had territory covering both portions of North Korea and the southern portion of Manchuria. So that's the issue.

JACK PRITCHARD: Let me tackle first Professor Kim Sung-han's question on U.S. sanctions, the strangling of North Korea, and how the Bush administration would handle human rights.

There are a couple subtleties in this, and that is this new round of sanction-finding puts North Korea back on the forefront of the State Department's list of state sponsors of terrorism, if you will, when you enter the factor of the counterfeiting, money laundering, et cetera. So it has the potential of creating an obstacle in the future of beginning the process of taking North Korea off of that list if you get to a point of normalization talks, which are critical to the North Koreans for the ability to eventually get into international financial institutions. The United States, by virtue of the North Koreans being on this terrorism list, must oppose North Korea's entry into IFIs. So that becomes somewhat of a future problem.

What the impact is on flexibility, I do think that we have two tracks going on. The one track has a stand-alone legitimacy, and that's what we're talking about now—the sanctions effort, increased PSI, efforts to punish, if you will, North Koreans' illegal activities. And the United States, I think you will find, will not commingle this with the six-party discussion. There will be a separate issue, at least from a U.S. point of view. So you will not have, as a matter of political will or a political gesture, the sign of flexibility the U.S. delegation in the negotiations and the six-party talks led by Ambassador Hill suggesting or downplaying or reversing the actions that have been taken. These are now legal steps that have been undertaken by the Bush administration and will have to be separately addressed by the North Koreans.

The chances of that happening are very slim. You go back, as an example, and the North Koreans said, “All right, let's talk about this.” And the response of the

administration was, “There's no need to talk about it; you've done wrong, you know what you have to do to do right.” So the denial of a bilateral discussion on the sanctions is another measure of an indication that there will be very little flexibility on this issue.

Now, one of the things that I've been told as one of the reasons for the denial of the visas for Kim Gye Gwan—who is the six-party negotiator even though he has responsibilities as a vice foreign minister in charge of American affairs, just as Chris Hill has separate responsibilities as the assistant security for East Asia—was that having Kim Gye Gwan talking in the United States about these issues would be perceived by many in the administration, on the hard-line element, as the beginning of normalization talks. And that is premature in their view, and therefore, as part of the rationale of denying Kim Gye Gwan the opportunity as a head of delegation of the six-party talks, to have a negotiating or prominent role in the talks that would begin to normalize the relationship between the United States and North Korea.

If you remember, those are the conditions that were laid out in the U.S. statement. Before normalization can take place, there are a number of factors that must be addressed. One of those is the other part of Professor Kim's question, and that is on human rights. I think, so far, you will find that that is being given lip service in the six-party process but will be handled separately, almost as though it were an illegal-activity response. It is a potential normalization activity. Next week, I think, there is a human rights conference that's going to happen here. It will be attended by the new U.S. special envoy on human rights in North Korea, Jay Lefkowitz. So there is a stove-piping of an approach on these very critical issues that, quite frankly, ought to be commingled but they are not.

Now, the other question that was raised by Michael Raska has to do with a far more complicated issue in my mind because of my lack of expertise in the Middle East, in Iran, and I hope as I founder, my colleagues from Brookings will step forward and pull me out of this. But I will give you my thoughts as it relates to Korea—the Korea connection.

And the questions that were presented on paper and amplified orally by Mr. Raska were as follows: “What's the priority?” and “Which is more important for the United States, Iran or North Korea?” And the answer, from a proliferation point of view, is Iran.

Now, does that make sense? Iran does not yet have a nuclear weapons program; North Korea does. North Korea possesses the plutonium. Iran possesses plutonium metal. They most likely have nuclear weapons. Now, I can't declare to you that they do, but it is most likely that they do, and they could have in the range of 10 to 12 nuclear weapons and they have an intent to rebuild their 50-megawatt reactor which, once completed, will give them access to an amount of plutonium that will begin a regular flow for a nuclear weapons production. Iran is not at that stage. But I think Iran, from my point of view, has a higher profile as a potential connection to terrorism, destabilization of the region as a whole, and therefore is a higher concern to the Bush administration.

Let me, as an example, for the Korea connection, when Secretary Rice—and I'm going to get my dates wrong, but I believe she made a trip to the Middle East in, I think, early February— in one of her first trips after becoming secretary of state, she had made some very harsh comments to the news media aboard her plane about Iran and what the United States thought about an Iranian nuclear program. As a matter of exercise, I went through and I struck out every word that said "Iran" and "Middle East," and I replace "North Korea" and "Asia." And it read perfectly well, as though it were the U.S. policy toward North Korea. And it was, in my belief, the North Koreans seeing that statement and that very harsh attitude towards Iran and being able to do the same mental exercise that I did that led in part—not complete, but in part—for their statement very shortly after that in which they made a public declaration that they were a nuclear weapons power, that they had in fact produced nuclear weapons.

So I do see connections here. In terms of U.S. policy, the best that I can do is what I've read recently is the U.S. is currently supporting a Russian proposal that would provide for a Russian enrichment and storage of the enriched uranium, that I think the Iranians have rejected.

Now, hopefully, during either the break or the rest of the conference, my colleagues, who are far more informed on Iran will be able to set the record straight and pull me out of the depths that I've put myself in.

LEE HONG-KOO: Thank you. I think time is more or less up and we have a long day ahead, so we have to keep on schedule. And I think the three speakers and those who raised the questions have jointly really delineated rather clearly some of the major issues with which we are very much concerned.

Over the weekend, in the meeting in Beijing, former Speaker of the U.S. House of Representatives Tom Foley said that President Bush seems to be very much a wounded president, with a series of crises both at home and abroad. And how he is going to react to some of the new developments and how he is going to optimize some of the opportunities, we don't know. So we will have very interesting discussions on some of the issues Jack has raised earlier.

And about public opinion, of course, it's always shifting. In Korea, for example, toward North Korea, generally, a positive mood has developed since the 2000 summit. But as Dr. Lee says, recently there have been some changes. So is it a kind of pendulum that is moving back toward the right? These are some of the things with which we are concerned.

Furthermore, Dr. Chung said that the relationship between the U.S. and China will have a decisive influence on the outcome of the problems we face on the Korean Peninsula. And yet, Koreans don't have any control over this. So we certainly are interested in the future of the relationship between China and the U.S. and also the relations among the regional countries in East Asia. In a few days, we're going to have

the East Asian Summit in Malaysia, and we'd like to see how the regional relations will influence the outcome of the issues we face on the Korean Peninsula.

So all in all, I think this first session has set the agenda, and I hope we're going to have a good discussion.

I think we're going to have a break of about 10 or 15 minutes and we'll come back at 11 for the second session. Thank you very much for your cooperation.