Thank you, Mr. Chairman. I must say that when

President Clinton asked me to take on this task, almost a year ago

now, I was very reluctant to accept it, for a number of reasons, but

foremost in my mind in the decision to do this was the vivid recollection

of the crisis that we had with North Korea in 1994, which

was the only time during my tenure as Secretary of Defense when

I thought there was serious danger of a major conflict.

In the review that we made at that time, I was satisfied that

were there to be a military conflict, the United States would win

quickly and decisively, but this would not be a Desert Storm. There

would be tens of thousands of American casualties and hundreds

of thousands of Korean casualties. I was fully impressed with the

seriousness of the situation, and therefore I believed that as we

were approaching another crisis with North Korea, it was imperative

that we have a careful, serious, solid review of the situation.

In early September, I sent to the President a classified report of

my recommendations and findings, which I understand was forwarded

to the Hill about a month ago. As you well know, this report

took many months to prepare, and I want to convey my appreciation

to Congress for its patience in what has been a difficult and

time-consuming process. Since you and other Members had a

prominent role in the creation of this policy review, I am especially

gratified to be able to meet with you today to speak for the record

about my review.

Mr. Chairman, for more than 45 years since the ending of the

Korean War, the Korean Peninsula has not had peace, rather it

has had an armed truce. The DPRK maintains an army of over 1

million men, most of whom are deployed near the border. These

forces are deterred by Republic of Korea and United States forces,

which are only about half the size of the North Korea’s forces, but

are well-trained and well-equipped. Most importantly, North Korea

understands that these forces are backed-up by highly ready American

forces in Japan, Hawaii, Alaska, and the West Coast of the

United States. As a consequence, deterrence has been strong and

peace has been maintained on the peninsula for the last four decades.

But 5 years ago, as I indicated to you, we narrowly avoided a

military conflict with North Korea over its nuclear program. The

DPRK nuclear facility at Yongbyon was about to begin reprocessing

nuclear fuel. This would have yielded enough plutonium to make

about a half dozen nuclear bombs. We believed the introduction of

nuclear weapons could upset the deterrence posture on the peninsula,

and we were literally within a day of going to the U.N. to propose

the imposition of severe sanctions.

Many of you remember that time, 5 years ago, and you remember

that North Korea stated that it would consider these sanctions

to be an act of war, and they talked about turning Seoul into a ‘‘sea

of flames.’’

Some argued this was only rhetoric, but it could not be dismissed.

We therefore undertook a detailed review of our war contingency

plan, and the United States began preparations for making

sizable reinforcements to our troops in the Republic of Korea.

In the event of a war, we were confident of a clear allied victory,

but with high casualties on all sides.

Fortunately, that crisis was resolved not by a war, but by a diplomatic

agreement known as the 1994 Agreed Framework. The 1994

Agreed Framework provided for a freeze of nuclear facilities at or

near Yongbyon, to be followed in time by a dismantlement of those

facilities. Today, those nuclear facilities remain frozen. That result

is critical for security on the peninsula, since during the last 5

years, those facilities could have produced enough plutonium to

make a large number of nuclear weapons. It had been estimated

that facility, in full production, could make more than 10 nuclear

bombs a year. The dismantlement, however, of those nuclear facilities

awaits construction of the light-water reactors called for in the

1994 Agreed Framework, and completion of that construction is

still a number of years away.

About a year ago we appeared to be headed for another crisis like

the one in 1994. U.S. intelligence had reported the construction of

an underground site at Kumchang-ni in North Korea, which was

believed to be large enough to house a reactor and a reprocessing facility.

Additionally, the DPRK was pursuing the development of two

longer-range missile, the Taepo Dong 1 and Taepo Dong 2, which

would add to an existing No Dong ballistic missile arsenal already

capable of reaching all of Japan. The Taepo Dong 1, and especially

the Taepo Dong 2, which could reach targets in parts of the United

States as well as Japan, aroused major concern in both countries

because it was believed that these missiles could have warheads

employing weapons of mass destruction.

This concern came to a head a year ago, just before this study

was started, when North Korea flew a Taepo Dong 1 over Japan

in a failed attempt to launch a satellite. This test firing provoked

a strong reaction in the United States and Japan, and led to calls

for a termination of the funding which supported the 1994 Agreed

Framework. But if the 1994 Agreed Framework were to be aborted,

there is no doubt that the DPRK would respond with a reopening

of the Yongbyon nuclear facility, and that in turn would put North

Korea in the position of producing the plutonium that would eventually

allow them to weaponize these missiles.

During this turbulent and dangerous period last fall, President

Clinton decided to establish an outside policy review, as called for

by the Congress. He asked me to head this effort, and I agreed, believing

that the time had come for a serious, solid review of U.S.

policy toward North Korea. After all, much had changed in the 5

years since we had resolved the last crisis, and I believed that the

stakes had become even higher, for Americans, for Japanese, and for Koreans.

Mr. Chairman, this policy review team, led my myself and working

with an interagency group headed by Ambassador Wendy Sherman,

Counselor of the Department of State, was formally tasked in

November 1998 by President Clinton and his National Security Advisors

to conduct this extensive review. The review lasted approximately

8 months and was supported by a number of senior officials

from the Government, as well as Dr. Ashton Carter of Harvard

University. We were fortunate to have received extensive guidance

from the Secretary of State, the Secretary of Defense, the National

Security Adviser and other senior policy advisers.

Throughout the review, I consulted with experts both in and out

of the U.S. Government. As you are aware, I made it a special

point to come here to Capitol Hill to give regular status reports to

Members on the progress of this review. Indeed, during the course

of this study, I met with the Chairman of this Committee and his

staff Members every 6 or 7 weeks.

I also exchanged views with officials from many countries with

interests in Northeast Asia and the Korean Peninsula, including

our allies, the Republic of Korea and Japan. In Beijing I spoke with

high level Chinese officials, including President Jiang Zemin. I met

with prominent Members of the Humanitarian Aid Committee. In

addition, I traveled to North Korea this past May as President

Clinton’s special envoy to obtain a firsthand understanding of the

views of the DPRK government.

In conducting this review, my policy team and I have made a

number of findings and policy recommendations. Of course, you

have already seen the classified version of my report. However, I

have also submitted an unclassified version earlier this week to

this Committee for the record. But rather than going through this

report section by section, I would like to cover its highlights with

you at this time.

We reached four key conclusions in the report that essentially

drove the recommendations that we made. Let me summarize for

you these key conclusions.

First: The military correlation of forces on the Korean Peninsula

strongly favors the allied forces, even more so than during the 1994

crisis, and, most importantly, I believe that this is understood by

the government of the DPRK. Therefore, deterrence is strong, but,

and this is a very big but, that deterrence could be undermined by

the introduction of nuclear weapons, especially nuclear weapons on ballistic missiles.

The second conclusion is there has been no production of fissile

material at Yongbyon since the 1994 Agreed Framework came into

force, but, and again, a very important but, production at this site

could restart in a few months if the 1994 Agreed Framework were

aborted. There is no doubt in my mind that ending the freeze at

Yongbyon remains the surest and quickest path for North Korea to

obtain nuclear weapons.

Third, a security strategy based on the 1994 Agreed Framework

has worked well these past five widespread famine years, but, another

important but, I believe this strategy is unsustainable in the

face of continued DPRK firings of long-range missiles, since these

missiles fires undermine the necessary support for the Agreed

Framework.

Finally, I really would like you to focus on this last conclusion,

because it was the main driver in our recommendation. While

North Korea is undergoing terrible economic hardship, including

widespread famine—and we recognized that and documented it and

studied it very carefully, but, and again this is a critically important

but, I believe that these hardships are unlikely to cause the

regime to collapse. Many people that we talked with, and some who

advised us on this, suggested that time was on our side. All we had

to do was wait, wait until that regime collapsed. We did not agree

with that conclusion.

Others advised us that if the United States simply put enough

pressure on North Korea, we could cause the regime to collapse.

We did not believe that this strategy was likely to succeed, and we

knew that it would not be supported by our allies.

If you come to a different conclusion than we came to, you would

obviously come to a different recommendation than us. So I wanted

to highlight the importance of that conclusion.

Based on that conclusion, we therefore concluded that the U.S.

Government must deal with the DPRK regime as it is, not as we

would wish it to be.

After considering a variety of policy alternatives, the policy review

team decided to recommend a comprehensive strategy whose

priority focus would be dealing with the North Korean nuclear

weapons and missile related activities. The focus is on their nuclear

and missile activities. This alternative was developed in close

consultation with the governments of the Republic of Korea and

Japan, and it has their support at the highest levels.

All three of our governments, the United States, Japan and the

Republic of Korea, have many other concerns about North Korean

activities, but we agreed to put as our first priority dealing with

the nuclear and missile threat. All other problems can be dealt

with more effectively if we are able to resolve this problem.

This recommended alternative involves a comprehensive and integrated

approach to United States negotiations with the DPRK. In

essence, we have recommended that the allies establish two alternative

strategies. In the first, if, and this is a very important if, if

the DPRK is willing to forego its long-range missile program, as

well as its nuclear weapons program, we would be willing to move

step by step on a path to a comprehensive normalization of relations,

including the establishment of a permanent peace, as we did

a few years ago with Vietnam.

Alternatively, however, if North Korea does not demonstrate by

its actions, not by its words, but by its actions, that it is willing

to remove the threat, we must take actions to contain that threat.

Containing a North Korean threat is expensive and dangerous,

and I understand the details of that as well as anyone in this room.

So obviously the first strategy is to be preferred. But the United

States cannot unilaterally enforce the first strategy. The first strategy

requires continued support of the 1994 Agreed Framework by

the American Congress and by the South Korean and Japanese

parliaments. I believe that we will get that support, as long as the

DPRK continues to exercise restraint on long-range missiles, as

well as nuclear weapons.

Also, successful execution of either strategy requires full participation

of the governments of Japan and the Republic of Korea, and

I believe we will have that full participation. During the course of

this policy review, the governments of the United States, ROK, and

Japan have worked together more closely than ever before, and I

believe this tripartite cooperation will endure into the future and

indeed be applied to other problems in the region as well.

This close trilateral consultation is an extremely important product

of this review, something that I am proud to have been a part of.

Finally, the viability of the first strategy quite obviously depends

on cooperation from North Korea.

So to determine whether that cooperation would be something we

could expect, our policy team traveled to Pyongyang in May to explore

with the North Korean leadership our working concepts. We

were received in Pyongyang with courtesy, and we held extensive

and serious discussions. While we disagreed on many issues, the

talks were constructive and they were entirely without polemics.

Our visit had four goals: First, we wanted to make meaningful

contact with senior North Korean officials, to establish a base for

future discussions. That goal was achieved.

Second, we wanted to reaffirm the principles of nuclear restraint

that had been established in the 1994 Agreed Framework, and that

goal was achieved with both sides reaffirming the principles of the

1994 Agreed Framework.

Critical to that agreement was a visit by an expert team to

Kumchang-ni, which established that this site was not suitable for

the installation of a nuclear reactor and processing plant.

Third, we wanted to explore whether the DPRK had interest in

going down a path to normalization. Was the North willing to create

an entirely new relationship with the United States and end

the decades of tension and strife between our two countries? That

goal was achieved in the sense that it was clear that they were interested,

but not achieved because it was not clear that they were

prepared to take that step at that time.

Finally, we wanted to explore whether the DPRK was willing to

forego its long-range missile program and begin moving with the

United States down a path to normal relations. North Korean officials

were not able to agree to that goal while we were in

Pyongyang. It was clear that they regarded their long-range missile

program as important for reasons of security, prestige, and, of

course, hard currency. But it was also clear that they understood

that these missiles were an impediment to normal relations.

We explained that our ultimate goal was to terminate North Korean

missile exports and indigenous missile activities inconsistent

with the standards of the missile technology control regime. Just

to refresh you, Mr. Chairman, that means missiles of ranges longer

than 300 kilometers, for example.

That is where we were headed. But suspending the long-range

missile testing was the logical first step. The answer to our proposition

was not clear in our Pyongyang meetings, but the DPRK subsequently

agreed to follow-on meetings to discuss the issue further.

Three meetings have followed since then. The Beijing and Geneva

meetings were not conclusive, but after the last meeting in Berlin

earlier last month, the United States decided to take a small

but positive step forward that was consistent with the 1994 Agreed

Framework in order to improve the atmosphere in our bilateral relations

with the DPRK.

This was the step of an easing of some of the sanctions. The Administration

took this step with the understanding and expectation

that the North would suspend long-range missile testing while we

worked to improve relations.

A couple of weeks ago we learned of an equally positive step by

the North when it announced its unilateral decision to suspend

missile testing for the duration of our high level discussions aimed

at improving relations. It is my hope that this step will lead to an

even more concrete and public undertaking by the DPRK in this

area in the weeks ahead.

Still, I wish to be very clear: Much, much more remains to be

done. Nonetheless, we are started. This I want to underscore for

you, if we are unsuccessful in persuading North Korea to remove

the threat through cooperative dialogue and a significant improvement

in relations, then we must be prepared to protect our interests

and those of our allies by returning to a course to contain that threat.

In the meantime, I have recommended to the President that

there is to be no reduction, no reduction in our military forces upon

the Korean Peninsula.

However, I truly believe that we will not need to return to the

threat containment strategy. I believe that the step each side has

taken can start a process to remove the threat of armed conflict on

the Korean Peninsula, and that with this threat removed, a better

environment will be created which will make all other problems

easier to resolve, including bilateral issues between the Republic of

Korean and the DPRK, and bilateral issues between Japan and

North Korea.

Mr. Chairman, this summarizes my findings and my recommendations.

Let me conclude with a few final thoughts.

The first is that the approach recommended by the policy review

is based on, I believe, a realistic view of the DPRK, a hardheaded

understanding of military realities and a firm determination to protect

American interests and those of our allies. It is a flexible approach

and it does not depend on any one set of North Korean intentions,

benign or provocative, to protect our interests.

Second, we should recognize that North Korea may send mixed

signals concerning its response to our recommended proposal for a

comprehensive framework, and that many aspects of its behavior

will remain reprehensible to us even if we embark on this negotiating process.

Let me repeat again, I believe that we should not reduce our

military deployments during those negotiations. These deployments

provide the basis of our deterrence which we will need for the foreseeable future.

Third, no policy toward North Korea will succeed without the

support of our allies, the Republic of Korea and Japan. If tensions

would escalate, the Republic of Korea would bear the greatest risk.

Japan likewise has vital security interests in Korea.

Fourth, considering the isolation, suspicion and negotiating style

of the DPRK and the high state of tension on the Korean Peninsula,

a successful U.S. policy will require steadfastness and persistence

even in the face of provocations. The approach adopted now

must be sustained into the future, beyond the term of this Administration.

It is therefore essential that the policy and its ongoing

implementation have the broadest possible support and the continuing

involvement of the Congress.

Finally, I wish to point out that a confluence of events this past

year has opened what my policy review team and I believe is a

unique window of opportunity for the United States with respect to

North Korea. There is a clear and common understanding among

Seoul, Tokyo, and Washington on how to deal with Pyongyang.

The strategic goals of the People’s Republic of China, especially

on the issue of North Korean nuclear weapons and related missile

delivery systems, overlap with those of the United States.

Pyongyang appears committed to the 1994 Agreed Framework and,

for the time being, is convinced of the value of improving relations

with the United States. The Year 1999 may represent, historically,

one of our best opportunities for some time to come to begin a path

to normalization, which, after decades of insecurity, could finally

lead to a Korean Peninsula which is secure, stable, and prosperous.

Mr. Chairman, I thank you for the courtesy of hearing my comments.

I am prepared to take your questions.

I will refer in a moment to Ambassador Sherman to

deal with the question on the Congo. Let me deal with the point

raised by the Jim Mann piece in *The Los Angeles Times*.

Jim was right in saying this is a short-term deal. I wanted to

emphasize to you this is not the deal. What we proposed to North

Korea was that for us to even begin the talks, moving forward, for

us to begin these talks, the right environment had to be created,

and the right environment we created was by easing the sanctions.

The right environment they created was by agreeing to suspend

missile tests. The Taepo Dong 2, by the way, to our belief, was

ready for launching at about the time we were conducting these

talks. So this was not an academic concern on our part.

In terms of broader questions, let me emphasize again where we

are headed on this. What our goals would be is to have North

Korea complying with the standards of the missile technology control

regime, which would not allow them to produce, deploy, export

missiles or test fire missiles of ranges greater than 300 kilometers

or a weight of more than 500 kilograms.

We have a long way to go. This is just a small step that was

taken to this point. We have not—to answer you specifically, we

have not offered them anything of the sort that you have described.

The talks are not yet started. All we have done so far is take those

two steps to create a positive environment for getting to the talks.

I think that is a small but positive step, but as I said in my testimony,

both of those steps are reversible. I do not believe we should

take any actions like reducing our deployments on the basis of

these very small steps.

In the whole series of talks, our primary interest will

be protecting the security interests of the United States, and certainly

the deployment of conventional forces, not to mention the deployment

of chemical weapons, is one of those issues. But our first

priority, as I said in my testimony, is to deal with the missile and

nuclear problem, because we believe we have adequate deterrence

against the conventional forces, but that the introduction of nuclear

weapons and missiles could upset that deterrence. That is why we had that priority.

I am sorry, could you say that again?

Moving forward on the talks, we have eased the sanctions,

they have agreed to suspend missile testing. All else remains

to be discussed and negotiated. Nothing else is committed at this stage.

Without getting into a lot of technical detail, they

have at Pyongyang what is called a graphite moderated reactor. As

it produces electricity, it also produces spent fuel. They take that

spent fuel when it is done, and they have quite a large building,

a processor, that can convert that spent fuel into plutonium. It was

that action that they were about to do in 1994 that led to the crisis—

converting the spent fuel into plutonium. That spent fuel is

still sitting at Pyongyang. It has been capped and canned, but it

is still sitting there, and at any time that the 1994 Agreed Framework

were to be aborted, they could take immediately that spent

fuel and convert it to weapons-grade plutonium. That would give

them, as we estimate, about enough plutonium to make about half

a dozen nuclear bombs. In other words, we would be back to the

crisis we were facing in June 1994.

The light-water reactor operates on a different principle and produces

a different kind of spent fuel. It requires a different processor,

and as a part of the agreement, that fuel has to be handled

in a different way. They do not have a facility able to convert that

fuel into weapons-grade material. Therefore, we believe it would

not be susceptible to the kind of proliferation danger we saw.

Let me emphasize the single most important point is that they

have today the capability not only to convert the spent fuel that

they already have into about half a dozen bombs, but also the ability

to turn on those reactors again and generate more fuel on into the future.

In 1994 we made a fairly detailed assessment of the

threat containment actions we would take at that time. It involved

a significant reinforcement of our troops in North Korea and other

actions as well. I am going back in my memory now, but it is many billions of dollars.

We have met many times from the beginning of this

study with the senior officials in the governments of the Republic

of Korea and of Japan. They helped us shape the findings of the

report, the conclusions of the report. When the report was done, we

reviewed it with them in great detail. Both the government of

Japan and the government of the Republic of Korea strongly support

the findings and the recommendations in this report. Indeed,

I think it is fair to say that Prime Minister Obuchi and President

Kim Dae Jung enthusiastically support the report.

There was a serious concern in Japan when the

North Koreans fired the Taepo Dong 1 over Japan, a very strong

reaction to that firing, and part of the debate in their Diet, the parliament

at that time, was that they should stop funding the 1994

Agreed Framework.

After that debate, they decided to continue funding the 1994

Agreed Framework. But that was the issue. The reason that they

decided to continue after all was that to the extent they thought

the missile itself was a threat, it becomes a threat dramatically increased

in severity if the North Koreans are able to put nuclear

weapons on the missile. Terminating the 1994 Agreed Framework

would, I think with confidence, lead to the reopening of Pyongyang

and produce exactly the plutonium needed to build the nuclear

weapons.

So terminating the 1994 Agreed Framework because you are concerned

about the threat of the missile would have the reverse effect

of aggravating the effect of the missile, the danger of the missile.

Mr. Delahunt, there are many different alternative

ways we might do that, of which we have looked at quite a few and

discussed in detail quite a few with the Pentagon and specifically

with U.S. forces in Korea. Some of them have been costed out. But

the least costly of them involves billions of dollars a year, not less

than that.

It is true that the failure of this approach, which

would lead to threat containment, would cost us billions of dollars

a year. Although I must say my major concern is not just the cost

for it, but the increased risk, danger.

My estimate in June 1994, and I believe I testified

to the Congress at that time in my role as Secretary of Defense,

was that they were probably within 6 months of having perhaps a

half a dozen nuclear weapons.

I want to be careful in answering that question about

what we know and what is basically unknowable. I am confident

that the production of the plutonium necessary for making nuclear

bombs has been frozen during that period and no bombs were

made. I do not know, and there is no way of knowing, what they

may be doing in what is called the physics part of the bombs,

which they can do in a laboratory.

That is the objective. We cannot assure that outcome,

but that is the path we are headed on, and there is some reason

to be hopeful we may proceed in that. That is correct. In all of what

we are doing, what we are holding for most is the security interests

of the United States.

Several comments. First of all, the facilities at

Yongbyon, had they been completed, would have been able to

produce enough fuel for 10 to 12 bombs a year, I believe. The six

was the spent fuel from the research reactor. They were building

larger reactors at the same time which have been frozen and would

eventually be dismantled by the 1994 Agreed Framework. Second,

they also had at Pyongyang the processor for the processing of

spent fuel. Under the 1994 Agreed Framework, any fuel from the

light-water reactor would not have the processor for processing that

fuel. That would not be permitted under the Agreed Framework. It

calls for full safeguarding of the fuel.

I cannot certify the number of 100. I don’t know whether that is

the right number or not. It is going to be a number bigger than 10

to 12 because it is a bigger reactor. But the point is that they

would not have the processor capable of processing that fuel, and

there would be full safeguarding on the fuel.

A processor would be a big obvious facility, and therefore,

it would be hard for me to imagine how they could do it covertly.

We would observe it if it were to happen. That would be a

clear violation of the agreement and one which we would take very

firm action against were it to happen.

It produces the spent fuel, but that spent fuel would

require a major task of processing in order to convert it into weapons-

grade fuel.

I think we would have to grant them the capability

to build a processor suitable for this fuel. They do not have one

right now.

I understand your concern, Mr. Campbell. I can assure

you my belief is our security in that case will not depend on

their good will and intentions.

Mr. Knollenberg, I would make the following comments,

repeating again that the light-water reactor at such time as

it is completed, which is a good many years in the future right

now, would be under full compliance and full inspection. Therefore,

they could not get that capability of processing covertly. It is something

that we would not only see that they had it, but we would

see many months, maybe many years in advance, that they were

trying to get it. We would have ample warning that it was happening.

If they tried to do that, we would then be faced with almost the

identical situation we were faced with in June 1994. You would

have to take the kind of actions we were prepared to take in June

1994, which were very dangerous actions. But we felt, I believed

then and I believe now, that the danger of taking those actions to

contain that threat was not as great as the danger of letting them

get the nuclear weapons.

I want to get to——

The Members know better than I do. It has been

about 5 years since I looked carefully. There would be no point for

the fuel to be spent on site. The logical thing to do would be to send

it out of country to process it. They do not have a processor for

processing it. The logical arrangement would be to sent it out of

the country. That I believe is the provision made.

I have to get that for the record. I don’t want to quote

the agreement in detail.

I will be happy to answer that.

Again, I will get you that answer for the record, Mr. Knollenberg.

I think we can answer that question for the record.

I think if we go down this first path, there will be

benefits to North Korea, but the benefits will primarily come from

trade with foreign companies, American, Japanese, South Korean,

European—not from the U.S. Government. That may be not a deci40

sion for us to make, but a decision for the Japanese Government

to make with the North Koreans. There may be payments made to

North Korea, as they have made to South Korea, for their period.

That is something that could come to North Korea, but it would not

be a payment from the U.S. Government. It is something for the

Japanese to decide, not us.

I haven’t conceived of that.

Yes. The one area I have considered in that is related

to food aid. At the present we are supplying the North Koreans

with several hundred thousand tons of grain a year. I myself think

a superior approach would be to assist them in improving their agriculture.

I can envision an agricultural extension program, an agricultural

assistance program which would increase the domestic

output in North Korea, and therefore reduce the need for outside

shipments of grain.

Several relief agencies, several nongovernmental organizations

have proposed such programs, a particular one involving the supplying

of bringing North Korea potato production. We have not

made any commitment to take any such actions, but that would be

something which I think would be worth looking at.

No, we have not made any such recommendations,

Mr. Chairman.

I myself believe that food aid to a country that is undergoing

widespread famine, the decision should be based on a humanitarian

basis rather than a political basis.

Again, we have not offered and proposed to the North

Koreans such assistance. I can certainly imagine them requesting

such assistance.

No, I have not; and I would not make such recommendations

with the present state of the government. You

would have to imagine very large changes being made in that regime

far beyond where they are today.

Not that I am aware of. I can easily imagine them

making such requests.

I am not prepared to make any recommendations for

such support with the present state of the North Korean Government.

I cannot forecast what their situation might be 3 or 5 years

from now which might put me in a different frame of mind on that.

But I would not think that the present government is such that it

would be appropriate to recommend that.

I wouldn’t want to forecast that, Mr. Gilman. That

depends on North Korea-Japan bilateral relations improving, and

a number of problems that Japan has with North Korea being resolved

that are not yet resolved before Japan is even willing to discuss

those issues.

Pardon me?

I have had many discussions during the course of this

study on a whole broad range of issues. I have not recommended

to them any specific aid programs for North Korea at this time.

The one thing I can specifically identify was that if Japan agreed

to a suspension of missile test firings, Japan could reconsider the

specific sanctions that they imposed on North Korea after that

Taepo Dong test firing occurred.

In the whole course of the discussions that we had

with them, we may very well have discussed things that might

happen 3 years, 5 years, or 6 years downstream if there were dramatic

transformations in the North Korean government. But we

did not propose any specific action of that sort by either the Japanese

or the South Korean government.

The reason that I am hesitating, Mr. Gilman, is that

I am trying to differentiate what it is that we proposed them to do

and how we would respond to that which was a very narrow set

that I talked about, and the ultimate benefits that might accrue to

them if they became a normal nation.

No. I think what you may be getting at is was there

any under-the-table deal with the North Koreans, and the answer

is no.

What I have recommended at this time is that we

take this one small step, which has been taken, and we be prepared

to talk with the North Koreans about them becoming a normal

country with normal relations. If that happens, many of these

other benefits could occur, but it is not a proposal at this time.

Mr. Gilman, I think the direct and straightforward

answer to your question is everything that we recommended either

on the first alternative or the second alternative is included in the

classified report we sent to you. It is all there. We are not holding

anything back.

Those are all possibilities after, and only after, major

transformations happen in North Korea.

If none of them were to occur, if this continued to be

a dangerous, oppressive regime, if it ever occurs, it will occur only

after there has been a transformation.

I have to question the premise first of all that there

is going to be any money as a result of the easing of sanctions.

What the easing of sanctions does is allows the United States to

sell consumer goods to North Korea and North Korea to sell consumer

goods to the United States and other countries.

I don’t anticipate that this is going to involve an important and

significant exchange of money.

Many major changes have to happen in North Korea before there

is any possibility of these other things happening that could result

in some benefits to them.

If there were any financial benefits in North Korea

by the easing of the exchange of buying and selling consumer

goods, we would have no way of knowing what happened to that

money.

Mr. Sherman, when I left Pyongyang, I did not think

that they would be willing to give up the long range missile program,

and so I was surprised when they announced that they were

willing to suspend the missile testing.

We have ambitious goals. Our goals are complying with the missile

technology control regime, and we are going to begin talks with

them to see if they are willing to go that far.

I have told the President I do not offer him any confidence that

they are willing to do that and they are willing to go that far. That

is why I have told him that I think it is important to maintain the

level of troops that we have in South Korea today. I am hopeful

that might happen, but I have no basis for giving anybody confidence.

But that is our goal, complying with the missile technology

control regime.

That is a very good question, and I have thought a

lot about that. I cannot give an answer with complete confidence,

but my belief is that the first priority that they have in their mind

for the missile program is their own security, which means that

they could use it to fire at anybody that was threatening them for

any reason.

Second, they see, particularly with launching satellites, that it

gives them international prestige.

Third, they get hard currency from selling their missiles to other

countries. I think all three of those reasons are probably important.

Let me ask you, Ambassador Sherman.

No, I don’t see a long waiting list of companies waiting

to go into North Korea to make investments, but I expect that

there will be some.

I think a related question to that is what the North Koreans will

accept in the way of investments which involve foreigners coming

into their country. They are very apprehensive about foreign influence

in their country, and I think that will be a major restraint on

investments that are made. The other restraint is most American

companies are just a little shy of making investments in areas

where the security is shaky.

I think it would be appropriate for our government

to provide information and advice to companies who were thinking

of going in to make an investment. It is a country about which very

little is known. Therefore, I can see if a company is considering

such an investment, they would be seeking advice.

Ambassador Sherman, do you want to answer that?

In the past, Mr. Sherman, they have been more reticent

because the South Koreans and many Korean-Americans

speak the language and so would have greater access.

They have been in the past. There is ample evidence

of that.

I am personally concerned about humanitarian rights

in North Korea, but as I testified, I focused our study on U.S. security

interests and particularly what we can do to reduce the missile

and nuclear threat. That is the focus of our study and recommendations.

I also personally believe that humanitarian aid should be based

on humanitarian needs and not tied to political factors. Having

said that, because of my personal interest in it, I have talked in

some length with the members of the World Food Program, including

the president of the World Food Program, I have talked with

literally dozens of American NGO’s who actually go there and deliver

the food.

It is my belief based on detailed discussions with them that there

is no doubt that the monitoring could and should be improved, but

that the great bulk of the food is going to the children to whom it

is being directed. I base that on the statements I have gotten from

the relief people and from the World Food Program who are confident

that the food gets to the counties adequately. Then they go

from the counties out to the schools, the hospitals, the day-care

centers and they see the people there, and they have seen over the

course of the last few years a significant improvement in the malnutrition

which they had been observing 3 and 4 years ago.

So I can’t give you a statistical figure on this, nor can they give

you statistical figures on it, but they believe, and I have come to

believe, that the great bulk of that food is getting to the children

to whom it is directed.

I think we know the answer to that because we have

only been providing food aid for a few years. It will simply contrast

the situation, what was the situation in North Korea like 4 or 5

years ago. We don’t have good statistics on that, Mr. Pomeroy, but

the most qualified observers who follow this closely have estimated

that during that period of time, perhaps a million North Koreans

died of starvation, mostly young children and older people. That

has largely been ended by the United States, the Chinese and a

few other countries providing grain.

Mr. Smith, I think you make a good point and I encourage

you to invite a dozen or so of the NGO’s that are actually

in North Korea providing relief there. I have talked with many,

many of them, probably 20 or 30 of them. I can only provide you

anecdotal evidence, but it might be interesting for you to talk to

them and get their answers on this important question.

I think Ambassador Sherman answered it just right.

I also want to add something to the question that Chairman Gilman

asked me which I was not quite following the drift of what

he was getting to.

I want to be clear, when we talked with the North

Koreans, we did discuss with them a vision of what a possible future

could be if they were to make major changes. If those changes

were to occur, and that vision included many of the things that he

was asking about, and I was trying to distinguish between that and

any offers or proposals that we were making to them, and none of

the things that he was raising were proposals or offers that we

were making. I don’t want to leave the impression—we did discuss

the vision. If you were to change, if you were to have normal rela51

tions with the United States, here are some benefits which could

occur. That was certainly discussed.

I would like to conclude with one comment which

picks up on a point you made about the North Korea regime, and

go back to a point that I tried to emphasize in my opening statement.

They are there, and we believe and we based our recommendations

on the belief that they are going to continue to be there. That

is we see no evidence that suggests that the regime is going to collapse.

Therefore, we must deal with that regime as it is. That is

not an approval of the regime, it is just a recognition of the fact.

Thank you.