Two things. Let me deal with the Congo in a

minute, but just add to what Dr. Perry said. As you know, Congressman,

the sanctions that were eased were those sanctions

under the President’s authority. There are still many sanctions

that stay on North Korea and can only be removed as they take

additional steps, and it would take consultation, certification or action

by the U.S. Congress. As Dr. Perry pointed out, we have quite

a long way to go on this path of normalization should they indeed

continue to decide to move down that path. They will have to take

many steps, as Dr. Perry indicated, in a step-by-step reciprocal basis.

In terms of the Congo, as I am sure you are aware, Congressman,

some of that information still is classified, but let me assure

the Committee that at this point we have no reason to believe that

North Korea is mining uranium in the Congo. We are watching

this situation extremely closely with all of the means available to

us, and we will continue, as appropriate, in the right channels to

keep the Congress apprised of everything that we know and learn

and can ferret out on the situation.

There are many theories about why they are proceeding,

some of which I cannot discuss in this forum, but would

be glad to review thoroughly in a classified setting.

In fact, Mr. Pomeroy, the Japanese Diet, even in

the face of their public’s understandable concern about a missile

overflying Japan, approved the yen equivalent of $1 billion in funding

for the light-water reactor, and the Republic of Korea’s General

Assembly has approved the equivalent of $3.2 billion in funding for

the light-water reactor. As you know, those two countries will bear

the lion’s share of implementation of the 1994 Agreed Framework.

If I may add, Mr. Campbell, the confidential

minute of the 1994 Agreed Framework, which has been shared

with the Congress—I won’t go into all the details because it is a

confidential minute, but it has been shared with Congress—called

for North Korea to give up reprocessing, and anticipated this concern.

It is also true that when a significant portion of the LWR

project is completed, the DPRK would come into full compliance

with its safeguards agreement. That includes permitting the IAEA

access to additional sites and information that they may deem necessary

to verify the accuracy and completeness of the DPRK’s declaration

of the history of its nuclear material, as well as complying

with full safeguards, which means we would have the means to

verify. As you know, the IAEA has 24-hour inspection of the current

Yongbyon freeze, and that has proved a very accurate means

of verifying that that facility has been frozen.

Mr. Knollenberg, I do know for a fact that the

spent fuel canned at Yongbyon, as soon as the delivery of the key

nuclear components for the first LWR arrives in North Korea, that

spent fuel has to be sent out of the country. So we will doublecheck.

That is in the agreement. I will check on the LWR

spent fuel, which is many years away. But inside of the agreement,

when delivery of key nuclear components of the first reactor unit

begins, the DPRK will begin to transfer its spent fuel out of the country.

I don’t think that was anticipated, Mr. Knollenberg, but we will check.

Mr. Chairman, as you are well aware, we make

our response to the World Food Program’s appeal, and we agree

with you in your applauding them in your opening statement for

the extraordinary job they do around the world and the extraordinary

job they are doing in North Korea to try to end the unbelievable

famine and starvation. We have seen tremendous results

in particularly the children, in their health, over the years the

World Food Program has been there.

So we respond to the appeal of the World Food Program on

strictly a humanitarian basis. That has always been the policy of

the United States of America over many Administrations—that

food should be not be used as a political tool.

We can imagine that a day might come when we would respond

differently to that food appeal, either up or down, depending upon

the circumstances of the humanitarian need in North Korea.

When Dr. Perry and the policy team went to

Pyongyang, one of the first statements that Dr. Perry made, and

said quite outright to the North Koreans, was that he did not come

with a checkbook, that he was coming to talk about our relationship

and our security concerns, and we have maintained that as a

critical part of their review.

North Korea still remains on the terrorism list of

the United States. They very much would like to not be on that

list, but they would have to take some very specific actions and

change many of their approaches and policies in order for that to

occur. There is no way that the United States would be able to support

their involvement in international organizations until they

were removed from the terrorism list. So there are many, many

steps to go before that could be considered or recommended. We certainly are not there.

Mr. Gilman, all of these items, and I am sure that

you have a longer list than the ones that you have detailed to date,

are things that could come the North Koreans’ way if they took

many steps to change their ways, to meet the security concerns of

the United States, Japan, and Korea, as well as the bilateral concerns

that each of us have. Those bilateral concerns include not

only the issues that Dr. Perry has focused on in the review, but

also issues of human rights, terrorism, drug trafficking, counterfeiting,

of concerns that Japan has about abductions, and that the

Republic of Korea has about family reunification.

There is a long list, and there are many things that could come

if, in fact, those concerns were met and there was a process of normalization

so that the sanctions that we have and other countries have imposed could be lifted.

Those concerns have not been met, so all of those sanctions cannot

yet be lifted; and indeed, therefore, the kinds of benefits that

you are outlining, whether it is assistance, whether it is Japanese

claims assessments, whether it is more assistance from South

Korea, can only occur when some of those concerns are met.

I think the North Koreans are very well aware—— Everything——

What they are able to do, Congressman, as a result

of sanctions easing, has not been implemented as yet. It takes

some time to do that. The export and trade of consumer goods—

no multilaterally controlled goods, no dual use, no militarily sensitivity

goods can be traded. There are very strict limits on the kinds

of goods that can be transferred. It does allow for financial transactions,

both bank and individual, to support those kinds of transactions,

and it will allow for American carriers, boats, and planes

to ship those goods. But only consumer goods. Yes.

No, not at this time.

We are working hard on lifting the sanctions easing

and what the appropriate role of government ought to be in

providing advice or support, and I don’t mean financial support, I

mean understanding information of the country.

We have read the GAO report that just came out,

we just got it. We are always glad to see better ways to look at potentially

monitoring a situation. But there is no evidence that even

that GAO report gives that there is any significant diversion of

U.S. food. Nowhere in that report does it say that we know a diversion

of significant U.S. food has taken place. In fact, the World

Food Program has worked very hard over the years to increase its

monitoring, and although it is not perfect and they would be the

first to say that it is not perfect, they believe that it is adequate.

Since 1995 there has been an appointment of an American as their

North Korea country director. They have expanded from 3 to 46

international staff, from 1 to 6 offices, the gradual access of food

and food aid monitors to 162 out of a total of 211 counties, and they

have doubled to 400 the number of monitoring visits undertaken each month.

Now some of those visits take place with only 24 hours notice,

which gets to one of the issues that you raised, Congressman

Smith. So there is no question that the monitoring could be better.

That the system is in place, however, the World Food Program, and

as Dr. Perry indicated in all our discussions with the NGO’s, appear

to be adequate. At the end of the day the real proof of whether

food is getting to people is whether their health has improved. As

Dr. Perry stated, and as people can see with their own eyes who

have been there, the health of those children and the health of the

population has improved, and that is the most important proof of

the enormous effort that the United States has made.

Mr. Cooksey, we also are aware of reports that

embassies are asked to self-finance, and we are aware of reports

that some have done this through drug trafficking. This is a situation

that we are trying to develop further information and intelligence

about. So we understand the concern that is raised by you.

It is indeed the case that there is a 25-mile limit. We of course

can issue waivers for those visa limits and have, upon occasion, for

particular circumstances. A group of North Koreans actually were

brought 2 weeks ago by a private voluntary organization to meet

with physicians at Johns Hopkins, which we thought was a useful

exchange of information given the humanitarian situation that Mr.

Smith elaborated a few moments ago. There can be exceptions to

that visa rule of 25 miles. How things proceed is a serious issue

about which we are trying to develop additional information.

The issue of the liaison offices, this is something which has been

on the table for quite some time. The North Koreans have not decided

to take up that exchange of liaison office for a whole variety

of reasons, some of which you probably can imagine, but that is an

issue which if these talks proceed forward in the positive path that

they are currently on after this small step in Berlin, we would hope

would be under discussion again because we think that it would be

of use to us and to our security concerns for that to take place.

We really don’t know. We really do not have very

adequate information. I would imagine that many of the embassies

are financed directly by the North Korean government, but we don’t have all of the facts.

The one point that I would draw your attention to is how much

money we, in fact, give to North Korea every year.

Yes, because the reason people get to that figure

of $600 million plus, they monetize our food assistance, but our

KEDO assistance for spent fuel which we have to pay for, I believe,

has amounted over the years since 1995 to about—and don’t hold me to this figure,

but $199 million. In cash. I think people have monetized our food

aid to be about $464 million. That is how people get to the $600-

and-some-million, but the direct cash payment is for the heavy fuel oil.

Thank you.