Mr. Chairman, the last time I appeared before you was to seek

confirmation as the U.S. Special Envoy for the Korean Peace Process.

Subsequently, Secretary Albright also appointed me the U.S.

Representative to the Korean Peninsula Energy Development Organization,

which is more commonly known as KEDO.

I want to thank you again for your, and the committee’s, support.

I reiterate to you my intention to consult regularly with you as we

proceed with North Korea.

It has been a busy month since I assumed my duties. As you

know, I just returned from New York, following 2 weeks of quite

intensive negotiations with the North Koreans. Those negotiations

resulted in commitments from the DPRK to take a number of steps

toward resolving key U.S. concerns about North Korea’s suspect

underground construction, its August 31 launch of a new, longer range

missile, and its implementation of the Agreed Framework.

Let me make clear that in these, as in past negotiations, the U.S.

approach is one of seriousness with respect to the security risks at

stake, coupled with deep skepticism. Let me also be clear, we do

not trust North Korean intentions. It remains indisputable that

North Korea represents a major threat to peace and stability, not

only in Northeast Asia but also in other volatile areas of the world.

We have no illusions about our dealings with North Korea. There

are no assured outcomes. But I must underscore the significance of

the commitments we just obtained in New York. They will facilitate

our ability to deal squarely with the issues of great and immediate

concern: suspect underground construction and the North Korean

missile program. It will also lead to the quick conclusion of the

spent fuel canning, thus dealing with an otherwise serious proliferation

risk.

The understanding we have reached also will lead to a resumption

of Four Party Talks in the near future. We made clear in New

York that the North Koreans need to satisfy our concerns about the

suspect construction in the DPRK. This is essential for the Agreed

Framework. Reaching an agreement to deal with our concerns in

this area is a top priority. And further talks on this issue, which

we intend to continue in the coming weeks, will address the details

of clarifying DPRK activities to our satisfaction. Clarification must

include access to the site. We made it quite plain to the North Koreans

that verbal assurances will not suffice.

During our recent talks, in close consultation with our South Korean

and Japanese allies, we put the North’s missile program and

alleged nuclear activities front and center, insisting that the DPRK

address U.S. concerns in these areas. As a result, North Korea has

agreed to resume missile talks October 1. During these upcoming

negotiations, we will seek to curtail North Korea’s efforts to develop,

deploy and sell long-range missiles.

But if there is anything more than dangerous than a long-range

missle, it is a long-range missile with a nuclear warhead. That is

why we sought and obtained in New York a North Korean commitment

to resume by mid-September, and to complete quickly and

without interruption, the canning of their remaining spent nuclear

fuel. This will put an end to their threat of recent months to reprocess

this spent fuel.

Finally, the North Koreans have agreed to convene a third round

of Four Party Peace Talks by October. It is understood by all, including

the North Koreans, that the participants must move on to

practical business, such as tension reduction. We remain convinced

that firm and steadfast use of available channels is the best way

to achieve the results we seek with respect to North Korea. This

is the basic approach we used in New York, and it is one that

proved valuable during our negotiations of the Agreed Framework

in Geneva.

While we are hopeful that the resumption of the various talks to

which the North Koreans agreed in New York will result in concrete

benefits, we also firmly believe that the Agreed Framework

must continue to be the centerpiece of U.S. policy toward the

DPRK for some time to come.

Though not perfect, the Agreed Framework is still the only viable

alternative we have that has a chance to keep North Korea’s nuclear

activities in check as well as keep the North engaged on other

matters. Without the Agreed Framework, North Korea would have

produced a sizable arsenal of weapons-grade plutonium by now. We

have prevented that for close to 4 years, and we are committed to

ensuring that the DPRK’s nuclear program remains frozen for the

future. This is, without doubt, in the interest of the U.S. and our

friends and allies in and beyond the region.

We are clearly better off with the North Korean nuclear facilities

at Yongbyon frozen. To cite specifics, the nuclear facilities are

under IAEA inspection. Pyongyang has agreed, as a result of this

past round of negotiations, to can its remaining spent fuel. The

DPRK is not reprocessing nuclear fuel. In other words, the compli5

ance record for the existing facilities is good, and a dangerous program

at Yongbyon is frozen and under inspection. We have made

it crystal clear to the North Koreans that we expect them to continue

to live up to these obligations under the Agreed Framework.

In conclusion, what we seek in our present dealings with the

DPRK is to avoid a return to the circumstances of 1993 and 1994,

when tensions between North Korea, its neighbors, the United

States, and the international community were dangerously high.

We will continue to look for ways to reduce tensions on the Korean

Peninsula. While also continuing to be firm and deliberate with the

North. With the proper support, we can go a long way toward

eliminating North Korea’s ability to threaten its neighbors and to

export that threat to other parts of the world.

There is no question that much depends on North Korean intentions.

With the limited tools we have, I can assure you that we will

press the North to take substantive steps to comply fully with its

obligations, we will push to resolve questions about suspect under

construction, and we will persist in our efforts to eliminate the destabilizing

nature of the North’s missile program, including testing,

deployment and exports of missiles.

As we have explained on many occasions, however, this strategy

will be best served if we honor our own commitments undertaken

in the Agreed Framework, and specifically the provision of heavy

fuel oil to the DPRK through KEDO.

Mr. Chairman, this administration has worked closely with this

committee and the Congress as a partner in our broader policy toward

the North, and will continue to do so. Together, along with

our allies and friends, we can make a difference and do what we

can to ensure that Koreans in both the North and South can live

on a peaceful and secure Peninsula.

Thank you very much.

Mr. Chairman, I want to first say that

that thought occurred to me even as I was dealing with the North

Koreans. And I did not want to come home with just an agreement

that there would simply be talks. If we were to remove the various

talks from this agreement, I think what we would have is a reaffirmation

that we are going to live up to our obligations under the

Agreed Framework and they are going to finish the canning of the

spent fuel. And that, in and of itself, would not be such a bad situation

to be in.

Because, going into the talks, they were threatening to take

steps that would have clearly violated the Agreed Framework by

reprocessing spent fuel. So that one problem has been avoided. On

top of that, however, we have indeed won them back in a serious

way at the table so that we can address other issues.

Now let me cite a few things. The missile talks, we are not at

this point able to guarantee any outcome of the missile talks. But

we all agree, we and our allies in the region, all agree that the

North Korean missile program is dangerous and destabilizing.

What are we going to do about it?

Well, we have got to confront them with this. And we have got

to be at the table with them to do it. I think that simply denouncing

them in the press is not going to change their missile program.

We are going to have to get them to the table in order to confront

them with this. So I do not want to devalue this step. After all, the

missile talks themselves were something the North Koreans did

not wish to return to for the past 2 years. They would not even

come to the table.

I think that is a very fair question. At

some point we do have to evaluate results against the costs. I agree

with that entirely.

My own view is that the Agreed Framework still has very clear

value to the American people, in that we have frozen facilities at

Yongbyon that would be, by themselves, extraordinarily dangerous

for the entire region. If Yongbyon were in full operation, the DPRK

would have already reprocessed the 8,000 rods of spent fuel that

are there. They would have reloaded that reactor not once, but several

times, and reprocessed those loads. We would have had tens

of weapons’ worth of plutonium in North Korean hands. We do not

have that situation. And so I think that that is something that, for

now, is a good result.

This is the present problem that we must

resolve. I think we have understood quite clearly that the Agreed

Framework is not going to be able to operate while there are serious

concerns about what may be a facility that would be in violation

of the Agreed Framework. This is going to have to be resolved.

If it is not resolved, I think we will be back here telling you what

the next steps are. However, the first step is to resolve this.

I think I understand the question. What

I am trying to say is that if there is a clandestine facility to be and

we seek to stop it, that would be consistent with the Agreed

Framework because the Agreed Framework prohibits such facilities.

I am not trying to split hairs with you.

Well, the first principle, as we try to sort

this out—and we are trying to do this with you. This is not just

us sitting in some room somewhere; this is a tough problem—the

first principle is that we have two allies in the region whose security

is directly affected by how we handle it. And so if we were to

take this right up to the brink of war, first we would have to deal

with the impact of that crisis on their own societies and their

economies, and potentially, the impact of the war on their livelihoods

and population.

The ROK especially, which has a capital that is within striking

distance of long-range artillery and SCUD missiles, would be a potential

target of North Korean chemical warheads. Estimates of

casualties are enormous. I do not want to pretend to be the military

expert on this panel, but I think that as we proceed with our

North Korea policy, it should continue to be a fundamental principle

of ours that we do so in tandem with our allies whose support

would be absolutely essential should we ever get to the point that

might involve the use of military force. The ROK and Japan are

both with us completely each step of the way. That is a principle.

Now, when we start to talk about options, it is fair to say that

they have a somewhat different reaction to the possibility of the

outbreak of war on the Korean Peninsula than we do. They are, of

course, highly supportive of the costly maintenance of U.S. forces

in the region to deter any potential conflict. And, under the circumstances

that are clear and unambiguously a North Korean aggression,

it is very clear that our alliance is going to be rock solid.

However, in pushing something like this, the question of nonproliferation

or missile proliferation up to the brink, then it gets

more complicated. I am not trying to speak for them here; I am just

saying it is a more complicated problem.

There are two different ways of looking

at that. I am not sure that this is the right venue in which to get

into the kinds of intelligence judgments that would be necessary.

However, one way of establishing criticality would be to estimate

when nuclear facilities might actually become operational.

However, another way—and it is the way that we are operating

under—is at what point would North Korea actually have potentially

violated the Agreed Framework. At which point we would no

longer want to come to you and seek your help in funding heavy

fuel oil.

What I consider to be common sense is

that, first of all, we are going to have to be fully satisfied with respect

to what is going on at that site. Second, since there is no

trust involved here, North Korea cannot simply assure us that it

is innocent. Something more than that will be required.

Now, we have discussed already and have made it very clear to

them that what we have in mind is access to that site. I am not

going to suggest that they have agreed to unfettered access at this

point. There is a long and complicated negotiation ahead that will

deal with the terms and conditions of providing that access. After

all, the kind of access that would be best would be a complete right

to go where we want to go without restriction. But that kind of

right does not come without fighting a war first. And even then you

do not get to assert it.

Senator Robb, I have already made it

plain to the North Koreans that access is going to be a prerequisite

for a solution. And without a solution, then we are headed toward

the question of the existence of the Agreed Framework.

It is probably a dangerous thing to get

myself too far out in the guessing game here.

Indeed. But some of these things are

probably higher probability than others.

The North Koreans have threatened over

and over again, with increasing stridency and I would say conviction,

that if we do not meet our obligations in delivering heavy fuel

oil, that they would then move on to conduct some reprocessing.

Now, I believe that they are calculating that some reprocessing

would still not kill off the Agreed Framework. We have done everything

we can to convince them that there is no such thing in our

minds as some reprocessing. It is prohibited by the Agreed Framework,

and it does not say some, a little, a lot, or anything of the

sort.

So, I think that the North Koreans would have to go on to carry

through with their threat. They would take the uncanned spent

fuel rods as a starting point and reprocess those. We would then

react by cutting off heavy fuel oil, et cetera. And our activities

under the Agreed Framework surely would stop. And then I think

that the next thing that they would do in their search to find new

leverage, new pressure points, would be that they would probably

then find other ways to lessen their own performance in the Agreed

Framework.

And one of the things that I think would be an early victim

would be IAEA monitoring of the freeze. So they might not even

actually break the freeze, but they would break our ability to be

sure that things were frozen.

No. What I was actually trying to lay out,

and I will try to be quite clear on this, is that my prediction of the

probabilities is that we would have a series of escalating steps that

would result in the complete collapse of the Agreed Framework and

the reopening ultimately of the facility at Yongbyon, the reloading

of the reactor, the reprocessing of the present spent fuel, and the

rapid continuation of the entire program at Yongbyon. So that

there would be a new stockpile of plutonium at Yongbyon, weapons-

usable plutonium.

We have been working very closely with

the Congress—I believe you are quite aware of the details of that—

to take money that we have set aside in the State Department

budget to finish out the 1998 obligation. It remains to be seen what

the Congress will do with fiscal year 1999 KEDO expenditures, but

we have been in very intense consultations with the Congress on

finishing out 1998. And I think that is my immediate target.

Yes. We have set aside this money. We

have been engaged in these consultations. The President and the

Secretary have the necessary authorities. And we are working very

closely with the Congress to carry this out.

I believe that then-Secretary Warren

Christopher’s words were that he expected that it would be in that

range. However, Mr. Chairman, I think this is a fair point to raise,

and I would like to just note that the range of costs for heavy fuel

oil have not varied too much. There has been a little bit of growth

in the annual costs of heavy fuel oil for reasons of the market.

But we have not had access to the lowest

possible rates.

But that notwithstanding, the price of HFO, heavy fuel oil, has

not really been affected terribly much. However, where we have

fallen short is that the support of other countries for this effort has

not met Secretary Christopher’s expectations that he was relaying

to the Congress when he first testified on this subject.

We thought that we would be funding roughly one-half of the

total fuel oil bill. It looks instead as though we will end up funding

roughly two-thirds of that total fuel bill.

Well, of course I will have to let the Government

of Japan to speak for itself.

We have been in very close touch with

them all through the weekend and last week. In fact, Secretary

Albright has spoken with their Foreign Minister on two occasions

in that period on the telephone, and will be seeing him again very

shortly.

They have reaffirmed to us that their obligation to the Agreed

Framework and to KEDO, which is about $1 billion, is still quite

firm. What has occurred and what we completely understand and

completely respect is that they have an appropriation process just

like ours; that at the very moment of a missile test, this is not the

time to go to their parliament, the Diet, and seek this $1 billion.

And so we defer to them in their judgment about what is the right

political timing and the right circumstances in which to do that.

But they have reaffirmed to us that their commitment is still absolutely

firm.

Mr. Chairman, I believe, and I know that

Secretary Albright believes, that the framework agreement is not

the sum total of what we want to achieve. It is a necessary starting

point. Without getting some handle on their production of fissile

material, we could go nowhere. And so the Agreed Framework provides

us with the platform on which to proceed down some other

paths. Unfortunately, despite having opened up several doors to

the North Koreans, they have not yet walked through. We are as

disturbed by that as you are. But, we believe that when dealing

with North Korea and in recognition of our allies’ equities, which

are so substantial, that both firmness and patience are called for.

Mr. Chairman, may I make one addition?

I was in regular and frequent contact with Secretary Albright

while I was negotiating with the North Koreans, even though she

was traveling at the time. And I am afraid that this is somewhat

my fault, because I had reported that we had—being aware that

there were some preparations for a test going on, we had warned

the North Korean side not to do this. We had raised it very strongly

with them. The North Korean side, the negotiators, indicated

that they had heard our message and had sent back something and

had understood themselves that their message had had some impact.

That proved to be incorrect. But they had indeed misled us

into thinking that they had heard our concerns and reacted to

them.

Needless to say, when we heard about the missile test, we

stalked in there outraged, condemned it, and there were some immediate

consequences.

Exactly.

Well, what I can say is that we are in awfully

close touch with both of those governments. It is pretty clear

that the missile test in particular has jarred regional capitals, and

they are now taking a look at what this means for their own security.

And that is an important dimension that we take very seriously

also.

Well, I think you will find plenty of

doubts in Seoul and Tokyo about the wisdom of spending these

large sums of money to build reactors in North Korea. They have

exactly the same debates that we have. And so I do not want to

suggest that there is a uniform point of view in those countries. It

is a very healthy debate.

That said, the governments are completely committed to the provision

of these large sums of money to this project. Now, those

sums are from the ROK, 70 percent of the cost of building the light

water reactors, and from Japan it is $1 billion. They do have to go

through an appropriations process in both countries. They are both

democracies. And we are going to hear elements of this debate

played out as they process. But in my own mind I do not have

doubts about the firmness of their commitments to this agreement.

Well, these are issues that are followed

much more closely in South Korea, of course. There is a great body

of expertise there. And their Foreign Minister happens to be in

town, and we are getting the benefit of some of their thinking right

now while he is here.

A couple of points, although this is very early and so this is quite

preliminary as an analysis. However, I think you would probably

find in my own remarks at one time or another, I predicted that

Kim Jong-il was going to take the title of President. So, confounding

me and other Americans, he has done something different. He

has become the Chairman of something called the National Defense

Commission.

And as we look at the lineup of the current leadership in North

Korea, there is a disturbingly military cast to it. In fact, I think

that the South Korea Foreign Minister would tell you that they see

this as a growing dominance by the military over North Korean decision making,

notwithstanding the fact that there is only one

source of real decisions there, and that is Kim Jong-il. So I do not

take this as a very encouraging sign at all.

He has not been a maker of speeches in

the past. And of course he has had 30 years of public life as a senior

personage, and now leader. He tends to deliver short exhortations,

but not speeches. He has not been someone who has been

a very person-to-person sort of leader, but rather a symbolic figure

almost.

So, no, there is no sign that he is going to change his style at

this late point. Nor are there any indications of his intentions to

travel outside the country. He does travel within the country. And

that travel does include some non-military facilities, although those

visits are fewer in number than his visits to military facilities.

And we have no expectation of having any American official meet

with him, although it has been tried on various occasions.