Mr. Chairman, Senator Corker, members,

thank you for the invitation.

My statement is on the record. Let me just offer a few comments.

I certainly agree with Ambassador Bosworth. Denuclearization is

the name of the game with North Korea. Permitting North Korea

to sustain their program, maintain that program and, as we see it,

enhance their program with additional nuclear weapons, not only

through plutonium but through uranium, would be a destabilizing

factor for the region. Other countries will be looking to acquire

similar capabilities—Senator Rubio asked that question, and I

think it is a fair question. We are talking about the potential for

a nuclear arms race. We are also talking about the potential for

nuclear terrorism, and others who want to get their hands on

nuclear materiels and nuclear devices.

In 2002, we confronted the North Koreans with their uranium

enrichment program. It was a clandestine uranium enrichment

program. They denied having that program. In 2010, they admitted

to the program. The same gentleman who was mentioned this

morning, Dr. Sig Hecker, was introduced to a facility at Yongbyon

where they had 2,000, they said, functioning and operating centrifuges.

As Dr. Hecker said at that time, this was a state-of-theart

facility. The assessment here is that North Korea was, and is,

pursuing a uranium enrichment program to complement their plutonium

program, all for nuclear weapons purposes. That is point

one.

Point two—and I agree totally with Ambassador Bosworth—the

September 2005 joint statement is a seminal statement. It speaks

to a commitment that Kim Jong-il, Kim Jong-un’s father, committed

to where he said even in Beijing he commits to denuclearization.

And that 2005 joint statement says very clearly that in

exchange for economic assistance, security assurances, ultimately

diplomatic relations when they address the illicit activity issues of

counterfeiting our currency, counterfeiting pharmaceuticals, counterfeiting

cigarettes, and trafficking in methamphetamine, when

there is transparency and progress on the human rights issues,

then we would talk about diplomatic relations. So it was not a sine

qua non that with denuclearization comes normalization. No. We

need denuclearization and that is a process toward normalization.

But in that process, they get all those other aspects to economic

benefits, and hopefully that would be enough of an inducement.

And the North Koreans signed up to the 2005 joint statement.

Also in the 2005 joint statement is the provision of a light water

reactor. When North Korea comes back to the NPT as a nonnuclear

weapons state, because as North Korea said, they have a right to

a civil nuclear program—and that is in there. And that was it.

And that fell apart because on the same day, the 19th of September,

the North Koreans were offended by the fact that we had

Banco Delta Asia. And that was a question asked this morning

also. Banco Delta Asia—the predicate there was the Patriot Act,

section 311, the predicate being money laundering. And North

Koreans, using the Banco Delta Asia, were laundering their money.

The Macao authorities retained $25 million of the money that

North Korea had in this bank until the bank was in compliance

with U.S. law and regulations.

Eventually the bank was in compliance. The money was returned

to North Korea and I might add that it was returned through our

own banking system, our financial institutions, because the North

oreans insisted at that time they wanted to get into the international

financial market and they wanted legitimacy.

But that got us back on the path to denuclearization. That was

what the game was all about: denuclearization. We eventually took

them off the list of state sponsors of terrorism, and that was to be

in response to North Korea committing to a verification regime,

that moves us toward comprehensive, verifiable, irreversible dismantlement

of all their nuclear programs. They refused to sign a

verification protocol, and that led to the unraveling of the September

2005 joint statement.

And that is unfortunate; it has gone downhill ever since: the

2006 and 2009 nuclear tests and missile launches, what we have

just seen in 2012, and now what we have just seen last month in

February with the third nuclear test. So North Korea is enhancing

their nuclear capabilities and enhancing their missile capabilities.

The one point I will put on the table is that in April 2003, China

brought North Korea to the table after they held back on some fuel

that went into North Korea; it certainly was a message to North

Korea to come, we want you at the table. In April 2003, China

brought the United States and the North Koreans together, with

China in the chair, and that was the beginning of the six-party

process.

My personal view is China can do the same thing now. We bring

South Korea into that process and sit down with North Korea and

say, ‘‘What are you doing?’’ Is Kim Jong-un as committed to

denuclearization and the joint statement as his father was? And

get it on the record and address it and determine if there is any

viability in the six-party process to go back to the September 2005

joint statement. I think that is a process. I think that is a meaningful

one.

And I might add, as my last comment, that I was one of the few

in early 2012 who was guardedly optimistic because I saw some

personnel moves being made by Kim Jong-un coming into power.

He replaced his Minister of Defense. He replaced the KPA, the

chief of staff; he put a party officer who was overseeing the military

as the director of the general political department; he brought

his uncle into a very high position, so there was a momentum. And

that all fell apart. After the Leap Day Agreement, they launched

missiles and they have had a nuclear test. That has come to this

position right now where we are at a stalemate, a very dangerous

one.

And I think the Chinese now can really move this process forward,

get us off the dime, get North Korea to the table, and get

some momentum going here rather than continued escalation and

a potential for confrontation.

No, Mr. Chairman. You are absolutely

right. My point on the 2005 and the Banco Delta Asia was that we

told the North Koreans very clearly that illicit activities would not

be permitted. Diplomacy is one thing, and that is the 2005 joint

statement on denuclearization. They continued to counterfeit our

currency. They continued to deal with the methamphetamine and

traffic in methamphetamine and counterfeit pharmaceuticals and

so forth. That is law enforcement, and we told them we would continue

to go after them on that. So they should not marry that up

to diplomacy. These are two separate entities. And in fact, it was

done on the same day, the 19th of September, when the Federal

Register put out that the Banco Delta Asia was being sanctioned

because of the predicate of money laundering based on section 311

of the Patriot Act. That was our message to the North Koreans;

they cannot link the two and try to get us to go soft on illicit and

human rights and put out denuclearization as the carrot for us to

go on.

They protested and they walked away

from the table for about 8 months until that money was returned.

But, of course, the Banco Delta Asia was in compliance. So they

were permitted legally to return that money.

Mr. Chairman, with due respect, sir, those

reports have been addressed to the Senate and the House intel-

ligence oversight committees, and I am really not at liberty to be

discussing it here.

The House and Senate intelligence oversight

committees have been addressed. These issues have been

addressed with these committees.

Sir, April 2003 was a very tense time.

North Korea said they were reprocessing the spent fuel rods. They

had pulled out of the NPT. They had asked the IAEA monitors to

leave the country. It was very tense at that moment. Again, they

left the NPT and asked the monitors to leave in January 2003. And

then in April, they announced—even before April—in March they

announced they were reprocessing the spent fuel rods that were in

the cooling ponds at Yongbyon with the indication that they were

going to be reprocessed for the purpose of weaponization. And it

was tense. And the Chinese asked that the North Koreans come to

the table with the United States and Beijing to speak about a way

forward, to diffuse this very tense situation.

The reporting is that a number of days prior to those meetings,

there were a few shipments of petroleum not sent to North Korea;

shipments were not as extensive as they were in the past between

the two countries. That was the reporting at the time. And the

sense of some analysts at the time was that it could have been a

message from Beijing to the DPRK that they should comply, and

if they are being asked to sit at the table, they should sit at the

table.

Sir, I would agree. I think that the message

in Pyongyang is that they saw what happened to Qaddafi and

Saddam and so forth. It does not mean it is not doable in North

Korea; that we will not succeed with denuclearization, but indeed,

that fortified the hard-liners who were saying we just do not want

to move down this path. There are those hard-liners in Pyongyang

who are committed to retaining those nuclear weapons.

Sir, I would just comment. I look to my

colleagues, but it is a failed economy. I mean, North Korea, now

with the additional sanctions—there are three sanctions in play

now with this morning’s—there are four sanctions, the U.N. sanctions.

There are executive orders from our Treasury Department.

They are biting and they have consequences. One would have to assume

that when the leadership realizes they are not getting the

funds necessary to sustain their lifestyle, the pressure will be at an

even higher level even while provinces are not really seeing many

benefits because of the two-state system. It is Pyongyang and the

rest of the country. Once Pyongyang feels they are under siege and

they are having problems sustaining it, I would imagine there

would be some pressure on the leadership to make some changes

to take some of that pressure off. And to live as a pariah state, especially

if China is not happy with this pariah state, although they

are allied with it, one has to wonder how they could survive in the

near to midterm.

Can I just comment very briefly? And I

will look to my colleagues. My colleagues mentioned Syria and al-

Kibar. That was in many ways a wake-up call. That was going on

for a number of years, and until the Israelis took it out in September

2007, I mean, that was almost going operational. Nuclear

proliferation is central to the whole issue of denuclearization for

North Korea, and that drives China and everyone else, but certainly

China, as a neighbor and an ally. If there is any instability

there, what would happen with the nuclear weapons or the fissile

materiel? So proliferation—and of course, we know the element

of—the potential for nuclear terrorism there. There are nonstate

actors out there that want their hands on this.

So this is a very central issue to why denuclearization for the

DPRK has to be, if you will, the goal and objective. It is not nonproliferation.

It is not arms control. It is denuclearization because

of all of these other reasons, and proliferation is central to it.

I would look to Ambassador Joseph, and

I do not disagree with Ambassador Bosworth.

But I will say I think what we saw today with China, who is very

much a part of this new U.N. Security Council resolution; I think

it is indicative of the fact that China is also saying what is going

on here. And I think we need to have all the countries coming

together, whether it is a proliferation security initiative, whether

it is going after the banking system, or whether it is going after

their diplomats and how they move money and so forth, all of this

is causing significant pain to North Korea.

Now, is that going to be the answer? Certainly that is not the

answer per se, but it is part of the process to telling North Korea

they must change their behavior. They need come back to the table

and need to commit again, recommit to denuclearization.