

**U.S. POLICY TOWARD NORTH KOREA I: PERRY
REVIEW**

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U.S. POLICY TOWARDS NORTH KOREA I: PERRY REVIEW

Wednesday, October 13, 1999

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, D.C.

The Committee met, pursuant to call, at 10 a.m., in room 2172, Rayburn House Office Building, Hon. Benjamin A. Gilman (Chairman of the Committee) presiding.

Chairman GILMAN. The Committee will come to order. I want to welcome our distinguished witnesses to the Committee today to testify on U.S. policy toward North Korea. This is the first in a series of two hearings on North Korea that our Committee will be holding this week. The purpose of our hearing today is to examine the current state and future of U.S. relations with North Korea based upon the recommendations of what has come to be called the Perry Review.

Without question, North Korea constitutes one of our Nation's greatest foreign policy challenges. The DPRK is also the country most likely to involve the United States in a large-scale regional war over the near term. Five years after the advent of the 1994 Agreed Framework and the beginnings of our policy of engagement with North Korea, it is now the largest recipient of U.S. foreign aid in East Asia. Our Nation will send over \$270 million in aid to North Korea this year alone. We have sent almost \$750 million to the DPRK since 1995. Our Nation arguably is now North Korea's main benefactor.

Despite this influx of aid, North Korea remains a significant threat to our Nation's interests. In fact, the concern is so great about the comprehensive threat posed by the DPRK to American interests that the Speaker has asked me to form a Republican North Korea Advisory Group to look at this matter. We plan to issue an unclassified report in the near future, which will address the North Korean threat.

There is reason to be concerned about North Korea today. The threat to U.S. interests continues and is now actually spreading into less conventional areas. The DPRK has deployed three new types of missiles since 1993, the newest capable of striking our Nation. This constitutes a clear and present danger to our national security and allows North Korea to create a "balance of terror" in Northeast Asia.

North Korea arguably is the largest proliferator of missiles and enabling technology in the world today. Its transfers to South Asia and to the Middle East are particularly distressing and potentially

destabilizing. Despite the 1994 Agreed Framework, North Korea may still be pursuing a nuclear program. The DPRK may be seeking a parallel program based on highly enriched uranium, which strongly suggests that North Korea never intended to curb its nuclear ambitions.

My greatest fear is that this unpredictable regime in Pyongyang will combine its covert nuclear weapons program with an intercontinental ballistic missile capable of striking the United States, and our current policy will have failed to prevent it.

North Korea continues to improve its conventional force structure. Despite its economic decline, North Korea buys military equipment from abroad, such as MiG-21's from Kazakhstan, while its people go hungry. It feeds the party elite and the military, yet the DPRK refuses to reform its own economy to help North Koreans feed themselves.

At my request, the General Accounting Office recently completed two major studies of our assistance programs in North Korea. Our aid is supposed to be closely monitored to prevent diversions to the Communist Party or to the military, but according to the GAO report, which will be released Friday, our fuel and food aid has not been effectively monitored.

While the U.N. World Food Program, under its American Executive Director Catherine Bertini, is doing an outstanding job, the North Koreans have not let our monitors visit more than 10 percent of actual food distribution sites. This means that 90 percent of the sites where food is distributed have not been visited by a food monitor. This runs counter to our Nation's stated policy.

North Korea is the world's most repressive regime. It brutally oppresses the fundamental human rights of its people and sends many of them to languish in political prisons. The DPRK is now deeply involved in international narcotics trafficking and other criminal activities, such as counterfeiting of U.S. currency. Shockingly, North Korea still holds prisoners of war from the Korean War, and may be holding live Americans against their will.

We must get to the ground truth about this issue of live Americans in North Korea. All of these issues must be taken into account in any process toward normalization of relations with this rogue state.

I am concerned that our policies toward North Korea have failed, and that our aid is sustaining a brutal regime. I also fear that the Clinton Administration has conditioned North Korea to believe that brinkmanship brings benefits.

I want to thank Dr. Perry for his efforts and his service again to our Nation, but we must make certain as we embark upon this new path that our policy will be firm, that it requires full reciprocity, that it does not undermine our fundamental national security, is willing to undertake tough measures in the face of North Korean belligerence, and does not encourage in any way the DPRK to miscalculate our Nation's resolve. We wish Dr. Perry the best in carrying out this most challenging and important task.

I want to thank our panelists for being here today. I think we have assembled the right people to address these issues today, and we look forward to their testimony.

I also want to welcome some members of the Speaker's North Korea Advisory Group to our Committee, Chairman Goss in particular.

I now turn to our Ranking Minority Member, Mr. Gejdenson, for any opening remarks that he may wish to make.

Mr. GEJDENSON. Thank you, Mr. Chairman.

A little over a year ago when the Republicans warned us that they would attack the Administration on foreign policy, I hoped that I had misread the headline, but constantly we are reminded that this Congress has tried to make foreign policy, not philosophically different, as is always the case where there are different views, but different on a partisan basis. Of course, in the case of North Korea, again we had the Speaker appointing a Republicans only North Korea Advisory Group. It seems to me that started us off on the wrong foot.

The Administration, responding to Congress' desire, appointed somebody who I think has a reputation across party lines as somebody who would do the right thing for America's national security interests, Dr. Perry. Today the headline in the *Washington Times* I think has it right. It says the regime would make nukes if the pact collapses.

There is no argument here we are dealing with one of the worst totalitarian states in the world, one of the states that seems to care least for its own people, that has been as belligerent as any nation in the Cold War Era and has not given up on the cold war, as almost everybody else has.

But what is also clear is that we need to work on a bipartisan policy, and not just bipartisan, but a policy that our South Korean and our Japanese allies in the region support as well. While there may be strong instinct here to create a partisan division on the peninsula, the Korean Peninsula, it will be a mistake for America's national interests and for the constituents that we represent here today.

There is no easy course to deal with the government in North Korea. I think Dr. Perry is a pragmatist, a realist, and his assessment is one I have confidence in. There are no guarantees anything will work, but it is clear that disengagement will gain us a lot less than engagement.

We have not stopped every negative action or effort by the North Korean Government, but there is no question, as Dr. Perry will state later in his testimony, that we have reduced their ability to create harmful weapons. He now has an agreement that will limit their ability to test new missiles, and I think that is an important step forward.

I agree with the Chairman that we need to press to make sure that every generous ounce of grain that America's citizens provide for the starving people of North Korea ought to be accounted for. We ought to continue to press for better accounting, and there I think we can find a joint effort of Democrats and Republicans in this Congress. We want to make sure that the people that are intended to receive the benefits get them, and they are not diverted.

The United States, I think, has to play the leading role on that peninsula. Dr. Perry is right, this is no time to reduce the force there. I think that we would go a long way to serving our country's

interests if we tried to find a way to broaden the Speaker's panel on North Korea to include Democrats and Republicans, and that while there will be differences even when you do that—and there will be differences on our side of the aisle, there will be differences also on your side—but we at least ought to begin this process based on what is right, not a partisan division.

Chairman GILMAN. Mr. Bereuter.

Mr. BEREUTER. Mr. Chairman, I do not have formal opening remarks, but I did want to respond very briefly to the comments of the distinguished Ranking Member, the gentleman from Connecticut, and simply to recognize and to remind our colleague that in fact it was congressional direction that caused the Administration to make an appointment. Of all the people that I think could be satisfactory to both sides of the aisle, Secretary Perry would be at the top of the list. I think all of us understand that he is a distinguished American with good judgment and the background to give us the best possible advice.

But I also hope my colleague will understand that the gravity of the matter that faces us with respect to North Korea is so high that this is not an issue on which this Member or, I think, most Members seek partisan advantage.

I can think of no country where a conflict is more likely to start because of irrational decisions on the part of a government than the government of the DPRK. I would also like to assure my colleagues that we understand that while there are things that have happened during the Clinton Administration which are at least subject to comment and possible criticism, the genesis to part of this problem with regard to North Korea's development of missiles and the nuclear development program traced back to the Bush Administration. But it is entirely appropriate for the Congress to conduct oversight and verify we are on the right course.

We do not have any good choices with respect to what is happening in the DPRK, but I think it would be wrong for us to ignore it and simply not give our best advice and criticism to the Administration, in power at this moment, if we, in fact, think there is a better course. Thank you.

Mr. ACKERMAN. Mr. Chairman, I too had not considered before making a formal opening statement, but I do have a couple of remarks to make.

I am disappointed. I have viewed the Speaker, regardless of who the Speaker has been, as the Speaker of the entire Congress, not one political party, the same as I view the Chairman of the Committee as the Chairman of the Full Committee, not the Republican Party. Therefore, I think it is regrettable that the Speaker has decided and the Chairman has agreed and acquiesced to form indeed what is a one-party view of a very serious foreign policy issue.

I cannot recollect one instance while the other party, my party, had control of the House, where there was on a foreign policy issue a one-party policy task force formed for partisan purposes. I don't know why you have a task force that has only one party and excludes Democrats. It feeds into the theory that seems to be growing that the Republicans have a partisan plan and that plan is just to discredit the President and this Administration on any and every foreign policy issue that it can, and that the Republicans have a

need to look at the world through rose colored glasses and find an enemy that is red and, there being few, have singled out the obvious, North Korea, and are going to come up with a partisan report that is just basically going to discredit whatever policy is there, whether it is right or wrong.

There are many of us on this side who are critical of the Administration when criticism is necessary and try to view these very serious issues as they are and call the shots as we see them and to try to serve the people that we have been elected to represent to the best of our ability in a nonpartisan way as Americans. There should not be a Republican foreign policy, and there should not be a Democratic foreign policy. I think that that is what this is leading to.

I think persons so distinguished as the Chairman of this Committee and Representative Knollenberg, who appears before us today, have their work immediately branded and labeled as a partisan political attack, regrettably, even though there may be some very good and important things involved in it. Some of us would have liked to have had the opportunity to participate as American Members of this American Congress with our Republican colleagues in trying to determine what is good and what is bad about our policy. Instead, we have a report that comes out because of the way it is structured, as very tainted, and I think that is regrettable, because there may be some very good things our colleagues have to share with us.

I thank you for the time.

Chairman GILMAN. Mr. Rohrabacher.

Mr. ROHRABACHER. I would just like to point out that this has been happening more frequently, and I just think I have to make this observation. I am sorry, but I am getting a little bit tired of every time when we come to discuss a major issue before this Committee, that the Democratic side of the aisle preempts the discussion and preempts the investigation and the subject matter of the day with these charges of partisanship. These charges of partisanship are coming forth specifically to try to thwart an honest discussion.

This has happened over and over and over again, and I am, frankly, very fed up with it. I served on this Committee when it was run by the other party, and I will tell you, it was not run as a bipartisan Committee. It was run by the party that controlled Congress. That is the democratic process and Democrats controlled this Committee.

Mr. ACKERMAN. Will the gentleman yield?

Mr. ROHRABACHER. No, because I want to finish what I have to say here. I did not challenge the right of the Democrats to control the Committee. I asked them to be fair, and in most cases, I will have to say that when the Chairman was a Democrat, he was relatively fair. But at the same time, those decisions that were made in order to go along with what party policy was in the Democratic Party, the Chairman did not vary from that line. I am sorry.

What we are trying to do here today is examine a policy which I consider to be—this has got to be the screwiest policy that I have ever seen with one of the weirdest regimes on the face of this planet. Here we are kowtowing to one of the strangest dictatorships on

this Earth, and we are providing more aid to one of the worst human rights abusers and one of the strangest totalitarian regimes on this planet, and they are our biggest recipients of aid in Asia. There is something wrong with that. There is something wrong with the agreements that we have made with this regime that have actually, I believe, encouraged these crazy people over in North Korea to believe we are weaklings because we are giving them everything they want and, as far as I can see, not holding them to their promises. I don't want to have an honest discussion of this policy, the policy of this Administration, thwarted by these charges of partisanship.

As I say, that has happened too often to be a coincidence. Every time we are discussing something that could make the Administration look bad, all of a sudden it is partisanship on our part. Let's have an open discussion of this issue rather than getting involved in the partisanship that is coming from your side of the aisle.

Mr. ACKERMAN. Will the gentleman yield?

Mr. ROHRABACHER. Certainly I will to my good friend from New York.

Mr. ACKERMAN. If we want an honest nonpartisan discussion, I think it should start with a nonpartisan investigation that includes Members of both sides. How is it nonpartisan if only you guys get to participate in the investigation or whatever it is that you did? All we are saying is if you want to come up with a discussion that is nonpartisan, well, deal us in, because otherwise it is just you guys and that looks like it is partisan.

The other point, if I can say to my friend—if my recollection serves me right, I was the Chairman of the Subcommittee on Asia, the Committee on which you served. I cannot, maybe your memory is a little better than mine, recollect a single instance where you made a request or wanted something before the Committee that was turned down by this Chairman.

So if you have any specifics, I would be glad to hear them. Just saying something doesn't make it so.

Mr. ROHRABACHER. Reclaiming my time, I would congratulate the Chairman when he was my Chairman of the Subcommittee on the fair way that he handled the Committee, as well as Mr. Bereuter, of course, is handling his job very well now that he has taken over from you. The American people decide what party is in control of this overall Committee.

I am just saying that this is not the first time I have heard these charges of partisanship. It seems to me that it is being raised in order to thwart an honest discussion. That is how it appears to me. I am not saying that for any other reason except that I want to have an honest discussion. I think there are some really important things we need to discuss about Korean policy.

Chairman GILMAN. The gentleman's time has expired. Let me remind my colleagues that we have Dr. Perry waiting to testify and we have two of our colleagues before us prepared to testify, and our time is running. Mr. Hastings.

Mr. HASTINGS. Mr. Chairman, I would like to echo the responses of my colleagues and address specifically my good friend from California, Mr. Rohrabacher, with reference to Democrats preempting

the investigative responsibility of the Majority by bringing up partisan concerns.

I have the good fortune, Congressman Rohrabacher, of serving with one of the most distinguished Members of this Committee that all of us have great respect for, and that is Doug Bereuter, in a bipartisan task force with the responsibility of monitoring the reversion of Hong Kong and Macau. At no time during the course of the activities that Mr. Bereuter has conducted have any of the Democrats on the Committee been denied any access to information that was pertinent to the development of our reports, and in some respects sometimes critical of the Administration's policy.

I think that is a healthier approach. That task force, interestingly enough, was appointed by former Speaker Newt Gingrich, and albeit all of us recognizing the gravity of the situation that we are involved in, I think it more than appropriate for Congress to review policies of a reprehensible government. But I think that wisdom would dictate that it would be a healthier review if both sides of the aisle were involved.

In that regard, I weigh in with my colleagues forcefully to assert that I, for one, find it anathema that we are going to approach an investigatory undertaking. How would you all feel if we just formed a little Democrat task force and all of a sudden we came here and said to you this was going to be our policy? I think all of us recognize that there are legitimate concerns regarding North Korea. We would be foolish not to recognize their oppressive policies.

There is something about letting people starve that causes me as a human being to want to do everything I can to ensure that they do not. That is whether it is dealing with North Korea or any other government in the world. Toward that end, those legitimate humanitarian interests need to be approached with a bipartisan flare as opposed to a one-sided kind of view.

Chairman GILMAN. Thank you. Just allow me to note that the North Korea Advisory Group was appointed by the Speaker to provide advice to him from Members of his own party in the reviewing of security interests—

Mr. ACKERMAN. Would the gentleman yield? If it is addressed to them, why don't they just report to the Speaker? Why are they here?

Chairman GILMAN. He has the prerogative of deciding who he wants to study and advise him with regard to this. This was not any public hearing on policy, it was an attempt to advise the Speaker of our security interests.

Mr. HASTINGS. Will the Chairman yield just 1 minute? Mr. Chairman, I have been to South Korea with you twice. I have been there four times since I have served on this Committee.

Chairman GILMAN. Yes, and we have given a report to the Speaker.

Mr. HASTINGS. I have an abiding interest with respect to what happens. I believe that I can help the Committee to develop its policy just as well as one side. I am not usurping its Speaker's prerogatives.

Chairman GILMAN. If the gentleman will yield, what we are doing here is conducting a hearing.

Mr. ACKERMAN. Will the gentleman yield?

Mr. ROHRBACHER. Regular order. The Chairman has the time on the floor.

Chairman GILMAN. We are conducting an open hearing and discussing policy. The Speaker has asked for some advice from some Members and some of his Chairmen with regard to this security problem. You are not precluded from offering advice on any initiative.

Again, I mention to our colleagues that we have Dr. Perry waiting, and I don't want to unnecessarily prolong this. We have two Members of Congress waiting to testify.

Mr. DELAHUNT. Mr. Chairman, I am seeking recognition.

Chairman GILMAN. Yes, Mr. Delahunt.

Mr. DELAHUNT. I yield to the gentleman from New York, Mr. Ackerman.

Mr. ACKERMAN. I thank the gentleman.

Mr. Chairman, I find it fascinating that the Speaker has appointed a task force exclusively of Republicans to report to him a Republican foreign policy rather than an American foreign policy point of view, and to give him advice, and then to hear you state that this is not a matter for a public hearing.

What do you call this room that we are in, that Mr. Knollenberg and I presume Representative Cox and others are in right now, and what is it we are conducting, if not a hearing? We received notice late last night that in addition, suddenly, to having Dr. Perry testify at this hearing, that with very little notice, and I have no objection to that, it is your prerogative, that the task force will preempt Dr. Perry and will report the task force's findings to this hearing.

If this is not a hearing, and I don't see the Speaker here, I see us here, I see our Committee here, I see us in our hearing room having a hearing in which the task force is reporting. If they are not participating in the hearing, then this is Alice in Wonderland and I just fell down a hole.

Chairman GILMAN. Mr. Ackerman, if you will yield, this is not a report.

Mr. DELAHUNT. Reclaiming my time, I yield to the Chairman.

Chairman GILMAN. Thank you, Mr. Delahunt. This is not a report on the Speaker's Advisory Committee. The notice of this hearing went out last week and it was revised again because both Mr. Cox and Mr. Knollenberg requested the opportunity to be heard with regard to this issue. Mr. Hall, I understand, will be testifying later on this week. So this is not a belated notice. It was a notice given to you last week. If any other Member seeks recognition, we will certainly consider that.

Now let's proceed with the testimony from our panelists, Mr. Cox and Mr. Knollenberg, both of whom have requested the opportunity to be heard, some of our leading Members in the Congress with regard to North Korea. It is a pleasure to welcome them to our Committee. Mr. Cox, as you know, is the Chairman of the House Republican Policy Committee and a Member from California. Mr. Knollenberg of Michigan serves on the Appropriations Committee.

Welcome, gentleman. We are pleased that you both could join us today. You may proceed in whichever order you may deem appropriate.

Mr. DELAHUNT. Mr. Chairman, I yield back the balance of my time.

Chairman GILMAN. Thank you, Mr. Delahunt.

**STATEMENT OF THE HON. JOE KNOLLENBERG, A
REPRESENTATIVE IN CONGRESS FROM MICHIGAN**

Mr. KNOLLENBERG. I thank you very much for allowing me the opportunity to come before this Committee. I do appreciate the comments that were made by the Chairman and the Ranking Member and all the Members, because I do think that what they cite is something that is significant. This is a very important issue and you should obviously learn as much about it as possible.

I want to talk about the current U.S. policy toward North Korea, and particularly share some information with you from a General Accounting Office report released today on the heavy fuel oil distributed to North Korea under the 1994 Agreed Framework. It will focus entirely on the heavy fuel oil.

Mr. Chairman, as you know, I am a Member of the Foreign Operations Subcommittee, as you just pointed out, which provides funding for the United States' contributions to the Korean Peninsula Energy Development Organization, or KEDO. I have been a Member of that Subcommittee since Congress first began paying for the 1994 Agreed Framework in Fiscal Year 1995.

I was also requested, as you know, by the Speaker of the House, to join his North Korea Advisory Group. In my role as a Member of the Advisory Group, I have met with Secretary Perry, Ambassador Sherman and other members of the Administration, including the Department of State, the Department of Defense, CIA, Secret Service, and the DEA. I have also reviewed a substantial amount of classified information, including Secretary Perry's report, the gentleman whom I have the highest respect for, and I encourage all Members of the Committee and the House to review the information as well. As we work together to review the Administration's current policy toward North Korea, it is essential to know as many of the facts as possible.

Many Americans do not understand why the United States is supplying aid, in the form of oil, to North Korea: After all, North Korea has remained in a state of war with the U.S. since 1950, is listed by the Department of State as a sponsor of international terrorism, and continues to proliferate missiles and missile technology to other rogue nations.

But as all of the Members here today know, in 1994 the Administration cut a deal with Pyongyang. After repeated North Korean threats of starting an international conflict, the Administration formed the Korean Peninsula Energy Development Organization and cut this \$5 billion deal. Under this plan, the Administration agreed to facilitate the provision to North Korea of two light-water nuclear reactors and an annual supply of 500,000 tons of heavy fuel oil until the nuclear reactors are built.

In other words, the Administration agreed to provide aid to North Korea in order to convince Pyongyang to defuse tensions of their own creation.

Under the 1994 Agreed Framework, this heavy fuel oil is to be used only, and I repeat, only, for heating and electricity production

at seven specific locations. Any diversion of this oil for other purposes constitutes a violation of the 1994 agreement.

To date, the United States has contributed \$138.4 million to North Korea in the form of heavy fuel oil. For Fiscal Year 2000, the Administration requested another \$55 million. In addition, on September 29, 1999, the President signed a reprogramming request for an additional \$18.1 million for North Korea.

I would point out to my colleagues that although this notification was signed on September 29th, it did not reach the Appropriations Committee until yesterday.

Before we continue to spend taxpayer dollars on aid to North Korea, Congress and the American people, I mean a bipartisan Congress and the American people, deserve to know whether Pyongyang is living up to its end of the bargain.

In mid-1995, KEDO established a heavy fuel oil monitoring system. This system consists of flow meters and data recorders at each of the seven sites where the oil is consumed. This system is designed to detect and deter any diversion of heavy fuel oil.

However, the GAO report provides some alarming information about this monitoring system. According to the GAO, "KEDO has no arrangements with North Korea for monitoring the large quantities of heavy fuel oil in storage or in transit to the plants consuming the heavy fuel oil."

In addition, monitoring equipment installed at each of the seven sites consuming KEDO-supplied heavy fuel oil has been subject to power outages at various times since the system was installed.

According to the GAO, "the worst outages of the KEDO monitoring system occurred at Pyongyang, whose monitoring system was inoperative for 46 percent of the year, and Chongjin, whose monitoring system did not operate at all during 1998." These two sites combined consumed over 20 percent of the fuel oil supplied that year.

The most alarming incident reported by the GAO, however, took place this year at the Sonbong thermal power plant where over half of the KEDO-supplied fuel oil has been consumed.

On January 18, 1999, the monitoring system at this plant became inoperative and was not restored until April 26, 1999. During this period of a little over 3 months, the only data showing the consumption of heavy fuel oil at Sonbong have been provided by the North Koreans.

According to the information supplied in the GAO report, during this time "heavy fuel oil was being consumed at levels substantially exceeding those historically recorded at Sonbong."

For the 6 months leading up to the shutdown of the monitoring system, the consumption of heavy fuel oil was approximately 10,700 metric tons biweekly. During the 3-month period when the monitoring system was not operating, the average consumption reported by North Korea increased by 62 percent to over 17,300 metric tons biweekly. After the repair of the monitoring equipment, consumption dropped back down to an average of 11,500 metric tons biweekly.

In effect, we see a spike in oil consumption at precisely the time when the monitoring system was inoperative.

Although North Korean officials claim to have experienced an increase in consumption during those months, the GAO report states “the failure of KEDO’s monitoring equipment leaves no way to verify this.”

In effect, the monitoring system for heavy fuel oil has failed. Faced with this information from the GAO, I believe Congress and the American people deserve to know what happened at Sonbong and where the taxpayer-funded heavy fuel oil is actually going. If North Korea has violated the 1994 Agreed Framework by diverting any of this oil for purposes not specified in the agreement, the United States must consider serious actions in response.

This is yet another incident in a history of incidents with North Korea. Pyongyang is determined to get as much as it can out of the United States while providing as little as possible in return. Unfortunately, I fear the GAO report shows that the Administration’s current policy falls into this trap by supplying many different carrots without any of the necessary sticks.

Before we spend any additional taxpayer dollars on aid to North Korea, Congress and the American people deserve to know whether North Korea is living up to its end of the bargain.

Again, I want to thank the Chairman and the Members of this Committee for allowing me to share this information with you today. I appreciate the time very much.

Chairman GILMAN. Thank you, Mr. Knollenberg.

We are pleased to have with us the Chairman of our Policy Committee, Congressman Chris Cox from California. Please feel free to summarize your statement.

Mr. ACKERMAN. What policy is that?

Chairman GILMAN. Republican Policy Committee. I thought you were aware of that.

Mr. ACKERMAN. You said “our.” I wanted to know if we were included.

Chairman GILMAN. When I say “our,” it is our Republican Policy Committee. Thank you for being so exacting.

Mr. Cox.

**STATEMENT OF THE HON. CHRISTOPHER COX, A
REPRESENTATIVE IN CONGRESS FROM CALIFORNIA**

Mr. COX. Mr. Chairman, thank you for the opportunity to testify. Of course, Democratic Members are welcome as well as Republican Members to subscribe to the views of the House Republican Policy Committee.

Mr. ACKERMAN. Do we get to vote?

Mr. COX. I would like to preface my remarks by saying that we will in a moment hear from Dr. Perry who represents a Democratic Administration and a Democratic foreign policy, one that, nonetheless, is the policy of the entire country because we elected a Democrat as President of the United States. The reason for a Republican evaluation of this policy is to give a stereo view at today’s hearing, I take it.

So you will hear from Democrats advancing a Democratic policy and from Republicans advancing our own views, and we leave it to Members of Congress to find a middle road, if that is the way to

go, or to prefer the better of the two arguments, if that is the way to go.

In many respects, as you will soon hear, I disagree with the Administration's policy, but certainly with respect to the Administration's position, or at least Dr. Perry's position as he has expressed it to me, that nothing that they are trying to do with an opening to North Korea in any way diminishes the need for missile defense. I happen to agree strongly with that. Certainly to the extent that they are committed to maintaining robust U.S. troop presence on the Korean Peninsula, I support that.

Mr. POMEROY. Will the gentleman yield on that point? Much of the credibility of the Cox-Dicks report was the very bipartisan nature of the investigation and unanimous accord with its recommendations. Was the nature of that inquiry fundamentally different than the nature of this task force assignment?

Mr. COX. Yes, indeed. This is comprised exclusively of Chairmen of House Committees and the leadership of the current Congress in an advisory capacity to the Speaker of the House. Our report from the Select Committee, as you know, was delivered to the President and it was done pursuant to a nearly unanimous vote of the entire House. So there are two different functions.

Chairman GILMAN. If the gentleman would withhold, I am going to ask that any questions be withheld until the panel has finished their testimony. Then you will have an opportunity to inquire. Please proceed.

Mr. COX. Thank you, Mr. Chairman. I thank Mr. Pomeroy for his question.

It stands to reason that if you have Democratic witnesses advancing an exclusively Democratic Administration policy, there is something to be gained from also listening to Republicans on the subject. That is why I think the Chairman asked the Speaker's task force representatives here today. I have stated some of the areas of my agreement with Dr. Perry's views, if not the Administration's views. Let me explain some of the areas of my disagreement.

In summary, in my view, U.S. policy is conducting a one-sided love affair with the regime in North Korea. But despite the fact that we have in a one-sided way constantly offered North Korea opportunities to engage, they have not done so.

We have made, we, the United States, specifically the Clinton Administration, have made North Korea the No. 1 recipient of U.S. foreign aid in the region. Now we are offering North Korea normal relations in return for their commitment to abide by paper promises, notwithstanding a recent history under the 1994 Agreed Framework of violated promises and a half century of truce talks and similar performance.

Furthermore, this is not without consequence to regional security. North Korea continues to threaten American and allied interests. You all know that on August 31st of last year, North Korea launched a missile over Japan. But their disdain for human life was such that they refused even to give a mariner's warning to ships in the target area for the missile.

On December 8th last, North Korea very publicly threatened "to blow up the entire territory of the United States." They pledged to

do so even if it required arming its children with bombs and sending them on suicide missions.

North Korea has sold and continues to sell missiles and missile technology to unstable parts of the world where they could do the greatest harm. They provided crucial technology to Iran, as you know, for their Shahab missile that now threatens U.S. forces across the Middle East. To Pakistan they provided technology for the Ghauri missile that threatens the fragile stability of South Asia.

When American negotiators sought restraint from North Korea on the sale of these missiles, North Korea used the opportunity to demand a one-half billion dollars in compensation. When North Korea was asked to reveal a potential nuclear site in the mountains of Kumchangri, one of many suspect sites that should be open to inspection under the terms of an existing agreement, the 1992 Agreement between North and South Korea, North Korea again demanded compensation.

North Korea continues to engage in counterfeiting and drug sales as a matter of national policy, in spite of what should be international embarrassment suffered by its diplomats and ship captains caught in these criminal activities. It is this repeated indication of callous disregard for world opinion, let alone American opinion, that should give us great caution and skepticism in entering upon the current policy that will be shortly advanced by Dr. Perry.

The final piece of evidence is the 1994 Agreed Framework and our experience under it. In 1994, the Clinton Administration signed an agreement with North Korea that it heralded then as ending North Korea's nuclear program and reversing the regime's dangerous isolation. We in Congress have given that agreement many years now to work and we have years of experience in watching how it worked and how that approach works.

The 1994 Agreed Framework sought an end to North Korea's nuclear program, but the Administration now admits that North Korea maintains its capabilities to process plutonium on a moment's notice. In fact, Dr. Perry has even told us, and I am sure he has told Members of this Committee, that this fact now compels the United States to maintain the agreement—a rather odd circular and counterproductive argument, in my view.

After this 1994 Agreed Framework was signed, the Administration described it as a complete freeze of North Korea's nuclear weapons development program. Now the Administration claims that it has shut down only two of North Korea's nuclear sites, and the nuclear weapons development program continues.

In the same 1994 Agreement, North Korea agreed to promote North-South talks. But it has thwarted every negotiation since then, even with Kim Dae Jung's conciliatory South Korean government. Just this year, North Korean ships, as you know, forced a confrontation with South Korean naval vessels in the Yellow Sea.

How North Korea has performed under this 1994 Agreed Framework is of great importance to what you are going to hear today, because if you cannot accept North Korea's promises, then even if they make the promises that we hope they will make in return for the concessions that we are anticipatorily granting, we will be left nowhere different than where we started.

Under the terms of this agreement, as Representative Knollenberg has discussed, the United States and its allies will only provide light-water reactors to North Korea if we and they are satisfied with North Korea's performance. As Secretary of Defense, Dr. Perry told us, when arguing on behalf of the agreement before the Senate Foreign Relations Committee, U.S. compliance with that agreement should be predicated on what they, North Korea, did step by step. So here we are, and we can take a look at what they did step by step.

It also matters because there are new threats that may develop as a result of the provision of these reactors to North Korea. The light-water reactors, for starters, cost about \$5 billion, and this is a significant enrichment of the failing regime in Pyongyang. But more to the point, these reactors also pose the threat of increased nuclear proliferation because the light-water reactors can also be used to produce nuclear weapons-grade material for an expanding inventory of North Korean nuclear weapons.

These are the reasons for the U.S. to take a cautious and skeptical approach when we look at North Korea's duplicitous performance under the 1994 Agreed Framework. But the Administration's policy in response to North Korea's violations of the 1994 Agreed Framework has been systematically to reward North Korea for its most dangerous misconduct. Time has worked to Pyongyang's advantage, and will continue to do so as North Korea's military capabilities are allowed to improve.

So I would suggest to all of you that a new policy is very urgently needed now. A piece of that policy should be, and I think Dr. Perry will agree with this, to strengthen United States and allied defenses in the region. That should be given highest priority. But the KEDO nuclear appeasement has to end.

Mr. ACKERMAN. Mr. Chairman, I just want to make sure that we will have sufficient time to engage the witnesses.

Chairman GILMAN. You will have an opportunity to question. Just bear in mind that Dr. Perry is still waiting. We will try to make our—

Mr. ACKERMAN. Mr. Chairman, we are just asking for the right to respond or ask questions of the witnesses.

Chairman GILMAN. There certainly will be an opportunity, Mr. Ackerman.

Mr. ACKERMAN. Because their time is up and we are not objecting to it.

Mr. COX. I will conclude, because I think I have made my main points. I will say only with respect to KEDO funding that it should be permanently ended, and furthermore, there ought to be no buy-off of North Korea's missile program so that additional suspect sites can be inspected.

Chairman GILMAN. I want to thank our panelists for appearing and for your testimony. Just one question that I have for both of our panelists. What are your recommendations with regard to U.S. policy toward North Korea at this point? Mr. Knollenberg?

Mr. KNOLLENBERG. I think we have to seriously look, as Mr. Cox just mentioned. I don't think there can be anybody who could draw a conclusion other than there is something wrong with this agreement. I said it was flawed, I said it has failed. If that is the case,

and that is what I believe, I think we have to look to a new agreement that insists that North Korea live up to it. That is the rule of law. It applies internationally as well as it does domestically. I really cannot see where North Korea has succeeded in this agreement at all. They succeeded in exceeding it, avoiding it, or ignoring it. So I think it means we must go back to the drawing board.

Chairman GILMAN. Thank you. Mr. Cox?

Mr. COX. I think I concluded with my recommendations. I will say that I had an opportunity to talk to Dr. Perry this morning and mentioned to him my concern about privatizing U.S. security interests in North Korea. We don't have, at least I haven't seen from the Administration, a plan for regime change in North Korea. So what we are trying to do is introduce just new elements and see what happens. But the new elements we are introducing, private interests, will become a lobby in the United States for U.S. aid to North Korea, so that this desperately poor country will have some wherewithal to buy what it is they are selling. That cycle of lobbying then becomes pressure on Congress to do the wrong thing. It will supplant any kind of objective appraisal of what ought to be our security policy toward North Korea.

We saw this on our Select Committee in a bipartisan way. We have a significant section of our report that deals with that. But we have to recognize that business is in business to make money, and that is fine, but there has to be a security policy that has security aims. These are different things. Now that Dr. Perry is in business, and I understand making millions of dollars in these areas, that is wonderful, but it is a very different thing to say that companies can make business, particularly when it is going to be U.S. taxpayer money being recycled to make their profits.

Mr. ACKERMAN. Excuse me, Mr. Chairman, are you impugning the integrity of the Secretary, that he is over there to do business?

Chairman GILMAN. The gentleman will have an opportunity to inquire. I did not yield any time.

Mr. COX. Dr. Perry has made a statement that he opposes the payment of blackmail to North Korea to get them to stop their threatening behavior.

Mr. ACKERMAN. Point of order, Mr. Chairman.

Chairman GILMAN. What is the gentleman's point of order?

Mr. ACKERMAN. I believe the witness just impugned the integrity of the Secretary, claiming a conflict of interest, and I think he owes it to this Committee to give us the details and specifics of this investigation that he has done. I am shocked to find that the Secretary is engaged in these kinds of activities. I would like the gentleman to put that before us.

Mr. CAMPBELL. Regular order, Mr. Chairman. This is not a point of order.

Chairman GILMAN. That is not an appropriate point of order at this time. I rule the gentleman out of order.

Mr. COX. First of all, I don't think anybody but the questioner here has suggested impugning Dr. Perry's integrity. My point is quite simple, that Dr. Perry, today, is a man of business. That is a good thing. Some of the firms with which he is affiliated are my former clients. I am all for American business. But it is a very sep-

arate thing and it a separate responsibility than he once had as Secretary of Defense.

That is the reason he has the current position now. I do not think it is inexorable that because a corporation is making a buck, that we get a sound security policy out of it. I suggest a reason that I believe everyone should consider very carefully that the contrary might be the case—that you do engender a lobby that will come to you, visit you in your office, ask for American aid to North Korea, which in turn, will then be used to buy the things that they are selling. North Korea hasn't any wherewithal to buy it itself because it has a Stalinist Government. We ought to be focused on getting rid of that Stalinist Government, not sustaining it.

Chairman GILMAN. Let me pursue the question I asked Mr. Cox. Dr. Perry assured us he opposes the payment of any blackmail to North Korea to get them to stop their threatening behavior. Mr. Cox, do you believe his recommendations will avoid that kind of payment?

Mr. COX. I believe that while we are putting a happy face on it, right now the United States is engaged in paying blackmail to North Korea.

Chairman GILMAN. Thank you. Mr. Gejdenson.

Mr. GEJDENSON. I yield my time to Mr. Ackerman.

Chairman GILMAN. Mr. Ackerman.

Mr. ACKERMAN. I request that I be recognized next so I can speak consecutively with myself, if that is OK, Mr. Chairman. His time and my time.

Chairman GILMAN. Mr. Ackerman, you have been yielded time by Mr. Gejdenson. You may proceed.

Mr. ACKERMAN. I will proceed now on Mr. Gejdenson's time. I am absolutely shocked and offended that the gentleman would besmirch the reputation of a Secretary and imply that he is in this to make a buck, and therefore our foreign policy is being tainted because of his business interests. I wish the gentleman would rethink the way that that sounds to the rest of us and perhaps—

Mr. COX. If the gentleman would permit me, I never said any such thing, nor do I continue with that statement.

Mr. ACKERMAN. Let me continue, and then you will have your chance to respond. I am also kind of bemused, I guess, by your characterization that the Administration, and I guess this is partisan, but I am not allowed to say that, I suppose, is having a love affair with North Korea. They are rascals, they are rogues, they are everything the gentleman has said and more. But a sane and sober policy toward that country and that part of the world and the interests of U.S. security does not mean we have a love affair with them, just because we are addressing serious security concerns in the region.

A moment of history, if you will. Five years ago last week, I undertook to go to North Korea. I spent some considerable time there. I met over a number of days with most of the high officials in the government, including a very long and protracted meeting with Kim II Sung. At that meeting, basically I developed an outline for what became the Carter initiative. If the gentleman recalls, the concern of the day was that the IAEA was being thrown out of North Korea every other week, was kept waiting on the tarmac,

they were not going to be let in to inspect the reactors or what was happening to the spent nuclear rods. The concern was that we knew that the batteries and the film had probably run out in the cameras that were on the locks that were there, that they may or may not have known that, and that they may have been pilfering and taking the spent nuclear rods and therefore enhancing their nuclear weapons capability. That was our concern.

Our purpose was to try to get them to allow the IAEA back in and to have some kind of reasonable security program so that the world could rest assured that they would not go ahead with the danger that they seemed to have.

During the course of those discussions, the thought was developed that if they would do away with their heavy-water reactor—the kind of reactor that allows for the production of nuclear fissionable material—and switched it to a light-water reactor—light-water reactors making it almost impossible to produce nuclear material for bombs capability—that the world would be better off.

Kim II Sung suggested that the reactor would cost him \$10 billion at great sacrifice to the people. Negotiation began as to how to get that money item off the table and to switch them so that the IAEA could get back in, the cameras could be restored, and that they would agree not to take the nuclear rods away and to switch to light-water.

Their concern was that they did not want to appear that they were supplicants to South Korea. They wanted the international community to step up to the plate instead of just South Korea. It was conceived that the international community would mean the Japanese, the South Koreans and the United States with minor participation. Our participation would not be to supply anything but fuel oil, because when they turned down their nuclear reactor, they would have no capability to provide energy and heat for their country during the cold winters. Our piece of the action was small at the time, like \$30 million. It has grown now to the Administration's request of \$55 million. That is \$55 million, and I think we have budgeted \$30 million, which you want to zero out completely.

Weigh that against the \$1 billion the Japanese put up, the \$3 billion that the South Koreans put up—\$4 billion, as opposed to our \$40 or so million, which means we put up 1 percent. You come before us today with a new concern. That concern is no longer hey, they are making nuclear fissionable material and stealing these nuclear rods to produce bombs. Your concern, as Mr. Knollenberg has placed it today, is hey, someone is stealing some of that fuel oil away. I got news for you—

Mr. BEREUTER. [Presiding.] The time of the gentleman has expired.

Mr. ACKERMAN. I would like to be recognized on my own time.

Mr. BEREUTER. The gentleman asks unanimous consent to be recognized on his own time.

Mr. CAMPBELL. Reserving the right to object, I think we should proceed in regular order.

Mr. ACKERMAN. Point of order, Mr. Chairman. The Ranking Member yielded me his time. I requested of Chairman Gilman the right to speak on my own time, and nobody objected.

Mr. BEREUTER. It was not framed properly as a unanimous consent request.

Mr. ACKERMAN. I ask unanimous consent to finish my thought.

Mr. CAMPBELL. I object.

Mr. ACKERMAN. May I finish my sentence?

Mr. BEREUTER. The gentleman may finish his thought, in 30 seconds, please.

Mr. ACKERMAN. I thank the Chairman. If the discussion of today is that, hey, we are getting a bad deal and these bad boys—and they are—are stealing some of that fuel oil, this is a whole different discussion than hey, they are producing fissionable material that is going to create bombs. I think this discussion is a lot more sane and civilized, and to switch it from the fact they may be stealing, and probably are, some of the fuel oil from civilian use, is a much better discussion. We are in a much better place because of the success of this policy rather than what the gentleman has proposed.

Mr. BEREUTER. The gentleman from California, Mr. Rohrabacher, is recognized under the five minute rule.

Mr. ROHRABACHER. Before I use my time, Mr. Chairman, is it appropriate that the witnesses be given a chance to answer some of the questions that were posed to them before we go to my time?

Mr. BEREUTER. I didn't hear a question in that. If the witnesses wish to respond in any fashion, they are welcome to do so.

Mr. KNOLLENBERG. Mr. Ackerman, you make a point, but the point is that it is not just heavy fuel oil. It isn't just food. It isn't just the potential for producing plutonium. It is all of those things. All of those things are our concern. I focused my discussion, my testimony, on the fuel oil side alone. But all of those are concerns. I think we have to look at each and every one of them, because each of them potentially breaks the agreement.

So I go back to the point that I think we have to look at the flaws in this agreement. They talked about Berlin being an agreement. Berlin was a deal. There was a framework agreement in 1994, but Berlin was merely a deal. They came up with this quid pro quo. The carrots and the sticks were there, but, frankly, they removed the sticks. It is all carrot. So that was a one-sided event.

Mr. BEREUTER. Mr. Rohrabacher is recognized under the five-minute rule.

Mr. ROHRABACHER. Thank you very much. It seems to me that our policies have prolonged this regime in North Korea. I would like to ask my colleagues who are testifying today whether or not they believe that our policies have extended the life of the current regime in North Korea?

Mr. KNOLLENBERG. Mr. Rohrabacher, I can only say this: You know the history. We have been literally in a truce with North Korea since 1953, 51 years since I believe they came into being. We have never had normal relations with them. But there appears to be now, at least within the Administration, some signals that after being made aware of these breaches of the agreement, they are going a step further and offering more incentives. I don't see how that really ensures anything in the end for us. I think it literally gives in to their policy.

Mr. ROHRABACHER. Let me be very specific in my question. I understand that the people of North Korea are starving, that the

country itself is falling apart. While my good friend Mr. Ackerman may suggest, well, we are better off now because they are just stealing fuel oil rather than having these weapons of mass destruction being created by some of the things that they were trying to build, wouldn't it be better to have that regime just collapse and fade and go away, and perhaps support unification with South Korea rather than the policy that we have, which seems to be artificially keeping North Korea alive in the name of stability?

Mr. KNOLLENBERG. I will only speak to the latter comment you made about keeping them alive. I think that we are helping them maintain a strategy that, frankly, is counterproductive by virtue of KEDO. I think KEDO was flawed in the beginning. I think it continues to show its flaws, and I think this more recent agreement ordeal, as I call it, at Berlin, did nothing at all except to extend or provide more benefits—extortion, if you will, if that is your word.

Does that perpetuate them? I think it gives them some credence. In the eyes of the world, yes.

Mr. ROHRABACHER. It seems to me that what we have here is a travesty where the United States is spending hundreds of millions of dollars for a regime that turns around and spends its own money on weapons and repressing its own people.

Are we unconsciously or consciously trying to keep this regime in power and contributing to their threat to their own people and to world peace? Mr. Cox?

Mr. COX. I have listened very carefully to the Administration's presentations in other fora, including to our task force, and I listened very carefully to what Dr. Perry said yesterday in the Senate before Craig Thomas' Subcommittee, and I am left with this concern: Dr. Perry stresses that this is not going to be U.S. money going into North Korea, that this is going to be U.S. business, and it will be up to them if they want to go in. The trouble is that business has certain ways of operating. Business likes stability.

Now, one of the things that a business can get out of a communist government is a monopoly. They can get an exclusive deal. There is no market in North Korea, but there will be government contracts given to some businesses to supply the government, which will be presumably the distributor and the only one in the whole country.

The stability of that contract then becomes the business' concern, and the lobby you generate with this kind of a policy, where businesses are now urging the stability of the North Korean regime, I think is fundamentally at odds with what should be U.S. policy.

We should not sustain Kim Jong Il or the Stalinist regime of North Korea as a matter of U.S. national policy, but that is going to be the indirect but, I think, very certain result of a policy of essentially privatizing it and putting it in the hands of U.S. businesses and letting them do whatever they think is in their interests. Not because I have anything against U.S. business, I love U.S. business, but they have their own rules and their own incentives. We have to have a national security policy, and that is our job. We shouldn't try to do theirs, but we shouldn't let them do ours.

Mr. ROHRABACHER. One issue that has not been raised here today is the fact that hundreds, if not thousands of U.S. POW's

were held by the North Koreans after that conflict ended, and there has been no attempt by this Administration to have an accounting and make that part of this whole process. I think it is a disgrace that we are simply writing off these Americans who fought so hard to protect their country.

Thank you very much.

Mr. BEREUTER. The gentleman from New York, Mr. Ackerman, is recognized under the 5-minute rule on his own time.

Mr. ACKERMAN. I thank the Chairman. I don't intend to use all of the time.

The gentlemen have me at a disadvantage as I have actually read part of the testimony of the next witness and therefore, do not share their liberty of being able to characterize it in any fashion, whether right or wrong. But I think we will hear from the Secretary, because he does say, and I will quote from his prepared statement, "unfreezing Pyongyang remains the North's quickest and surest path to nuclear weapons. U.S. security objectives may therefore require the United States to supplement the Agreed Framework, but we must not undermine or supplant it."

I think that is the opposite of the characterization that was made concerning his report.

This is very, very serious business that we are up to. It is just too bad we are not doing it in a nonpartisan way. Representative Cox's testimony before about this is just advice to the Administration because it is a Democratic Administration and the Secretary is a Democrat, and therefore, this is a Democratic policy. I served under George Bush and I served under Ronald Reagan, and they were my Presidents too, and we used to have an adage around here that politics stops at the water's edge.

When we leave the shores of the United States, we are all Americans. We put on the same face. They don't want to view us, and neither should we want to be viewed, as this is the Democratic policy or the American policy. When our President, whoever he was, or is, spoke, he spoke for all Americans. This was America's policy. We shouldn't characterize the Administration's policy as the Democratic policy.

I don't believe this President or anybody in this Congress, Democrat or Republican, is in love with the Administration of North Korea. They are condemnable. But the idea is what do we do about it?

There should be an American foreign policy, which is what the President has, as opposed to a Republican foreign policy, which the gentleman has proposed. Republican foreign policy should not be anti-American foreign policy. But I think you feel compelled to do that because you just want to be "anti" this particular President. I think that is regrettable for us in the long run.

It is very disparaging, and it is very upsetting to a number of us who think that these issues are bigger than our petty political careers at the moment and what vantage point we can get individually or as political parties. I think that is the path down which we are being led. It is very, very unfortunate.

I think that, if I might suggest, Mr. Chairman, it is time to move on and allow the Secretary what was supposed to be his day.

Mr. BEREUTER. Thank you. We have two more Members to hear.

Mr. ROHRBACHER. I would suggest before we move on, we at least give these witnesses a chance to answer the spurious charges that have just been made against them.

Mr. ACKERMAN. Mr. Chairman, I didn't ask any questions. I just made my statement.

Mr. BEREUTER. The gentlemen are entitled to respond, if they wish, as all witnesses are.

Mr. COX. Mr. Chairman, and Mr. Ackerman, I would respond only to one point, because the balance of the points I think that were just made were oratory. But there were some facts that were raised, specifically whether or not nuclear material can be produced from these light-water reactors.

I believe Mr. Ackerman said it would be virtually impossible to do so. To the contrary, these light-water reactors will produce weapons-grade nuclear material and, in fact, according to the Stockholm International Peace Research Institute, North Korea's light-water reactors, when they come on line, will accumulate plutonium and spent fuel at the rate of about 490 kilograms per year. That translates to about 100 bombs per year. Prior to the 1994 Agreed Framework, the most that people were expecting North Korea could produce from the other reactor was about 12 bombs per year. So we are actually putting North Korea in a position to accumulate more nuclear weapons material.

Mr. ACKERMAN. Reclaiming my time. I didn't say that it was impossible. I said it was near impossible. It is very difficult, and there is absolutely no evidence that they are taking any of the spent nuclear material. Your report didn't study that. You are speculating right now. Your report just dealt in your investigation, as I understood it, as you explained to us, it just dealt with the fact that some of the fuel oil—and I don't even know what percentage of it, and I surmise neither does anybody—might have been put aside for official government or military use or whatever it was used for. That is the factual material that you have put before us. Everything else is just speculation and politics.

Mr. COX. It isn't speculation. The light-water reactors won't produce plutonium until they operate. That, of course, hasn't happened yet.

Mr. BEREUTER. We need to proceed in order to expedite our opportunity to hear from Secretary Perry, but the next gentleman on the list is the gentleman from California, Mr. Campbell.

Mr. CAMPBELL. Thank you, Mr. Chairman. Just to nail down that last colloquy, Mr. Cox, it is your testimony that the light-water reactor that we are subsidizing can, when developed, produce 100 bombs a year? Is that correct?

Mr. COX. Specifically 490 kilograms per year.

Mr. CAMPBELL. And you said that the threatened nuclear facility, I believe the Yongbyon facility, had it come on line, could have produced only 12 bombs per year. Is that accurate?

Mr. COX. Yes, that is the facilities at Yongbyon and Taechon.

Mr. CAMPBELL. The testimony that Dr. Perry gives us says that "those nuclear facilities remain frozen." Is that accurate?

Mr. COX. Yes.

Mr. CAMPBELL. Is it correct then to say that we have a comparison between the freezing of the facility that could create 12 bombs

a year as a plus, weighed against the bringing on line of the facility that can produce 100 bombs a year as a minus?

Mr. COX. Yes, that is the point precisely.

Mr. CAMPBELL. I will certainly ask that same question of Dr. Perry.

Second, we have the GAO report regarding North Korea monitoring of food aid, and—

Mr. COX. Just so you have the opportunity to ask Dr. Perry precisely, this report is dated 1996 from the Stockholm International Peace Research Institute, a left-of-center analytical group if I understand it correctly.

Mr. CAMPBELL. Stockholm International Peace Research Institute?

Mr. COX. Yes. What they say is that North Korea will not produce any more plutonium until its light-water reactors operate, no sooner than 7 to 8 years. That would be dated from 1996. After the light-water reactors startup, North Korea will accumulate plutonium in spent fuel at the rate of about 490 kilograms per year. Because this quantity is so large, they go on to add, North Korea will need to provide nuclear transparency to insure that diversion does not occur.

Mr. CAMPBELL. Mr. Chairman, could I see a copy of that statement to which Mr. Cox referred? Maybe you could just arrange to give a copy to me, so I could quote accurately.

Mr. BEREUTER. Are you asking that it be made part of the record?

Mr. CAMPBELL. No, I just ask to see a copy to quote it accurately. I suspect then, and let me pursue this before I get to food aid, if the Pyongyang facility has been frozen and there are 7 to 8 years before the light-water reactors come on stream, then a possible argument in favor of the Administration policy might be that it has postponed from such time as Yongbyon may have come on until 7 to 8 years from now the availability of weapons-grade fissionable material. Would that be correct?

Mr. COX. That is an argument that possibly could be made, but it is unfortunately the fact that North Korea currently possesses material sufficient to make a nuclear weapon, and possibly two of them.

Mr. CAMPBELL. How long do you know or would you estimate, and this can be to Mr. Knollenberg as well, before the Yongbyon facility would have come on stream, had its development not been frozen?

Mr. COX. I don't know the answer to that question.

Mr. CAMPBELL. Mr. Knollenberg, do you know?

Mr. KNOLLENBERG. I have no firm answer, but the number of years would be, I would suspect four or five, but that is just an estimate.

Mr. CAMPBELL. Last, monitoring of food aid is criticized strongly by the GAO. Can either of you speak to what argument or defense North Korea makes for not permitting the International World Food Program to monitor food aid?

Mr. KNOLLENBERG. Number one we, through the World Food Program, are responsible for something like 87 percent of the food that goes into North Korea. The problem with food is different than

with oil. It is more difficult to monitor the flow of food, whether it is in transit or storage. They can move it from one point to another point on one day, and a week later they can bring it back. So we don't know that they are necessarily even giving food to the proper agencies, because it could be returned. There is some suspicion of that. But it is very difficult, much more difficult than in the case of oil. It would be the same as oil when the monitors don't work. But it is more difficult with food to really monitor exactly whether that food gets into the mouth of the hungry citizen.

Mr. COX. If I might respond to that same question, I believe it will be Dr. Perry's testimony or his response to that question, if it is the same he gave in the Senate yesterday, that he is confident that most of that food is getting where it is supposed to go. I lack that confidence, and neither of us has any evidence. The truth is that we have expressed concerns, that is to say people have expressed concerns to us. We have received expressed concerns from Koreans who say that Kim Jong Il is using food as a means of control over the population, that the rationing of food is conducted in such a fashion as first to give support to the million man army, and North Korea has a 1 million man army on a population of about 22 million. Second, it is also given to preferred Communist Party members. It is not, I think, logical to expect Kim Jong Il not to use such a valuable resource in a starving country other than to maintain his own control. Doctors Without Borders have expressed concern and, in fact, at one point withdrew from the program for this reason.

The U.N. World Food Program itself has been a source of similar complaints. When I met with Kim Kye-gwan, the Vice Foreign Minister of North Korea, and asked him—and the Chairman was also in that meeting—and asked him whether or not the United States would be permitted to monitor this aid in North Korea, or at least European countries in whom we could repose some confidence, he said no, it would violate North Korea's sovereignty. So we are through food, through fuel oil, through the \$5 billion nuclear reactors, providing a great deal of wealth to the regime in North Korea. Now we will expand that to include business and trade without any expectation other than that it will be used to strengthen the Stalinist regime.

Chairman GILMAN. [Presiding.] The time of the gentleman has expired. The Chair would like to urge his colleagues on the majority side of the aisle, if possible, to permit our two distinguished colleagues to leave at this point. We need to answer a vote. Members can insist upon their right to be heard or to raise questions if they wish. Mr. Pomeroy has said if the Republicans waive, that we will waive. Therefore, I want to thank our two colleagues for their testimony here today in responding to our questions. We very much appreciate it.

When we return, we will start with the second panel, Secretary Perry. So we are now recessing for the votes.

[Recess.]

Mr. BEREUTER. [Presiding.] The Committee will resume its sitting. The Chair and Committee would like to welcome our second panel comprised of former Secretary of Defense Dr. William Perry, currently serving as North Korea Policy Adviser at the U.S. State

Department, and his deputy, Ambassador Wendy Sherman. As I understand it, Secretary Perry will be testifying, and Ambassador Sherman will be available for questions from the Members. Welcome to both of you distinguished Americans who have been pursuing some very important responsibilities for the Administration, and the U.S. Government. I hope you understand we felt, Secretary Perry, that you were the right person to pursue this responsibility that the Congress had requested.

I apologize for the Committee keeping you here for so long this morning, but we had two colleagues who wanted to testify and Members who wanted to question them at some length.

Secretary Perry, feel free to summarize your statements or give them in entirety. We want to have your best input for us today, and, in any case, your entire statement will be made part of the record. I would ask Members to withhold their questions until the testimony is completed.

Dr. Perry.

**STATEMENT OF THE HON. WILLIAM PERRY, NORTH KOREA
POLICY ADVISOR, U.S. DEPARTMENT OF STATE**

Dr. PERRY. 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 by 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 Korea 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.

[The prepared statement of Dr. Perry appears in the appendix.]

Mr. BEREUTER. Dr. Perry, thank you very much for your statement. We will now proceed under the 5-minute rule. The Chair would ask unanimous consent for reasons of fairness and comity that we go first to the Members who waived their right to ask questions of the previous panel at the urging of the Chair. That being the case, we would proceed with Mr. Royce, Mr. Pomeroy, Dr. Cooksey, if he returns, and Mr. Delahunt. Then we will return to regular order.

Hearing no objection, that will be the order. I regret the fact I need to participate in the floor debate on OPIC right now. I ask the gentleman from California if he would take the Chair, Mr. Campbell.

The gentleman from California, another gentleman, Mr. Royce, is recognized for 5 minutes under the 5-minute rule.

Mr. ROYCE. Thank you, Dr. Perry, and thank you, Mr. Chairman.

I am the Chairman of the Africa Subcommittee. Two weeks ago, Dr. Perry, we held a hearing on the Congo and the Administration confirmed reports at that hearing that there were several hundred North Koreans in the mining region of the Congo where uranium is mined. I wonder what that says about North Korea's long-term intentions.

Second, Jim Mann has a column that appears every week in the *L.A. Times* in the international outlook section. He asked these questions about the Berlin Agreement. He says that it is a short-term deal that did not settle whether North Korea may export, produce or deploy its missiles. Thus, he argues, the agreement left North Korea free to try to extort further benefits from the United States and its allies. Since then U.S. officials have offered new ways to try to justify the agreement, he says.

In particular, volunteered one U.S. official, the United States and its allies have at least two more big incentives they can offer North Korea in future bargaining. Says this official: Carrot No. 1, the United States has not yet agreed to let international financial institutions such as the World Bank lend money to North Korea. Japan may eventually agree to pay war reparations to North Korea, which has for years sought up to \$10 billion. So that is carrot No. 2.

The two governments made what looks like a limited bargain, he says, but they also seemed to at least explore and informally outline broader agreements in the future. So he says we need answers to the following questions, and I agree. What exactly was offered to North Korea in Berlin besides the lifting of U.S. economic sanctions? World Bank loans? Japanese war reparations? Diplomatic recognition? What are the trade-offs? Precisely what will North Korea be required to do in return? More broadly, he writes, why is it in America's interests to open the way for an ever-widening stream of benefits, including food, oil, civilian nuclear reactors and cash, to a highly militarized regime that threatens its neighbors, severely represses its people, and continues to deploy its huge army along the DMZ with South Korea? Is North Korea collapsing? If not, should we be helping to strengthen it? Why doesn't the United States insist on a pullback of North Korean forces first?

All good questions. I would like to hear your answers, sir.

Dr. PERRY. 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.

Mr. ROYCE. Please answer the question on the fact that they have 1 million men under arms, and those men are on the border. How about the concept of asking that they be pulled back from the border?

Dr. PERRY. 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.

Mr. ROYCE. Right. But we lifted that trade embargo without receiving anything that settles whether they can export, produce or deploy those missiles. That is what has us confused.

Dr. PERRY. I am sorry, could you say that again?

Mr. ROYCE. We have moved forward with a change in policy in terms of a trade embargo, and the question is leverage and what we get in exchange for these concessions. So far, we have not seen anything tangible. That is the concern.

Dr. PERRY. 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.

**THE HONORABLE WENDY R. SHERMAN, COUNSELOR, U.S.
DEPARTMENT OF STATE**

Ms. SHERMAN. 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.

Mr. ROYCE. So they just happen to have several hundred people in the region?

Ms. SHERMAN. 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.

Mr. CAMPBELL. The gentleman's time has expired. Mr. Pomeroy.

Mr. POMEROY. Mr. Secretary and Ambassador Sherman, it's good to have you here. Let's begin with the issue of whether or not we are getting anything under the 1994 Agreed Framework. I think certainly at the base of that would be the nuclear weapons capacity ultimately derived from material in the heavy-water reactor versus light-water reactor. For those of us that are utterly laymen in evaluating this question, could you help describe the difference in the proliferation threat from one to the other?

I would alert you that the prior panel basically dismissed the distinctions as not terribly significant and that the light-water had significant proliferation dimensions as well.

Dr. PERRY. 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.

Mr. POMEROY. The next question would be you have outlined basically the context for the 1994 Agreed Framework and for the recommendations of the report as being closely measured engagement with well defined consequences for failure of the engagement, or simply a beefed-up defense posture in light of containing a growing threat—a threat that would grow under that circumstance, as you just spoke to.

What would be the costs to a containment only approach? Have you assessed that in any way?

Dr. PERRY. 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.

Mr. POMEROY. In talking about the accord across the allies, South Korea and Japan in particular, are they all on board with the approach outlined in your report, and does that reflect a consensus reached from varying perspectives, across the stakeholders, that this is the best alternative to deal with the difficult situation?

Dr. PERRY. 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.

Mr. POMEROY. Is there a country or major political party in the region which would basically affirm the report within the Republican Conference that the framework ought to be ended and ramifications dealt with accordingly?

Dr. PERRY. 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.

Ms. SHERMAN. 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.

Mr. POMEROY. Just as a closing observation, they will bear the lion's share of the risk in light of their proximity to this thing not working.

Mr. CAMPBELL. Under the unanimous consent request, the gentleman from Massachusetts proceeds.

Mr. DELAHUNT. Thank you, Mr. Chairman. Let me just review some of the ground that Mr. Pomeroy covered. Let me put it in maybe more stock terms. When he posed a question relative to a containment only policy, is it a fair statement to say that if we adopted a containment only policy, that the expenditure of tax dollars would far exceed, the path that we are presently pursuing?

Dr. PERRY. 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.

Mr. DELAHUNT. So it is a fair statement, if this policy should eventually prove to be successful, that we will have saved billions of American taxpayer dollars?

Dr. PERRY. 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.

Mr. DELAHUNT. I concur with your priority in terms of the threat issue and the risk. But I think it is important for those who are here and those that are watching these proceedings to understand in terms that most of us can understand that it is in times when we can't seem to agree on budgets and spending priorities, that it would be an extremely expensive route to go, if there were to be a containment only policy. I just wanted to make that point.

Fundamentally, the policy we are pursuing now, in simple terms, is to retard and then prevent the development and the ability to deliver weapons, nuclear arms, weapons of mass destruction, by North Korea. That is the purpose of this policy.

Did I hear you say, Dr. Perry, that it would have appeared by information that was available to you back in 1994, or was it 1995, that they were prepared, or very close to having that particular ability? Is that an accurate statement on my part?

Dr. PERRY. 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.

Mr. DELAHUNT. Let me review, because I just want to try to really grasp this: This is approximately 5 years later, and there has been no progress presumably on the part of the North Koreans in terms of the development in the ability to deliver a nuclear device?

Dr. PERRY. 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.

Mr. DELAHUNT. I would suggest that we have for a relatively small investment yielded a good return in terms of this particular policy. Some have stated that we have conferred benefits. It sounds as if we are implicit in that term as somehow coddling, giving them something that they don't deserve. Maybe they don't deserve it. But the reality is that we have received something in return. We have secured 4 to 5 years of development, and, as you indicate, Dr. Perry, this is a process. This is a process that is ongoing with fits and starts and hopefully, if it is pursued to a conclusion, as there appears to be at least some room for optimism, may preclude North Korea from full membership in the nuclear club.

Dr. PERRY. 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.

Chairman GILMAN. [Presiding.] Mr. Campbell.

Mr. CAMPBELL. Thank you, Mr. Chairman. Dr. Perry, I need to understand a bit more of the technological differences between the light-water reactors that are being supplied and what had been threatened at the time of our 1994 Agreement.

You may have heard my colloquy with Congressman Cox. If not, I asked him to provide me with the cites, the reference to which he was citing. So I would now like to supply that to you with apologies that I didn't know of it before a few moments ago.

The Stockholm Institute of Peace Research indicated in a 1996 report entitled "Plutonium and Highly Enriched Uranium," page 307, that under the 1994 Agreed Framework, North Korea will not produce any more plutonium until its light-water reactors operate, no sooner than 7 to 8 years. After the LWRs, which I infer is light-water reactors, startup, "North Korea will accumulate plutonium in spent fuel at the rate of about 490 kilograms per year. Because this quantity is so large, North Korea will need to provide nuclear transparency to ensure that diversion does not occur."

Congressman Cox's testimony was that 490 kilograms per year was an amount which could produce 100 bombs per year. This led me to inquire of him and to tell him on the record that I would then inquire of you, if this were a trade-off whereby North Korea agreed to stop developing the Yongbyon facility in 1994, which could produce, as your testimony gives us, 6 bombs per year, then in return we are financing the development of light-water reactors which within 7 to 8 years of the beginning of their construction, would produce 100 bombs per year.

So you see my reason for inquiry. I would welcome your enlightenment on that comparison, and I suppose the fundamental issue, what is the spent fuel capacity of the light-water reactors that we are financing?

Dr. PERRY. 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.

Mr. CAMPBELL. Could you tell me what difficulties are encountered in building such a processor and what assurances of monitoring we would have that they, in fact, do not?

Dr. PERRY. 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.

Mr. CAMPBELL. I am going to ask one last question, with the Chairman's indulgence to finish this line. Nevertheless, if it is true that they have the technological ability to have built a processor at Yongbyon, which I believe we both stipulate they did, and if their light-water reactors will produce a substantial amount of weapons-grade plutonium, or if I have got the wrong element you may correct me—

Dr. PERRY. 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.

Mr. CAMPBELL. Which task, however, is accomplishable by the kind of facility that was built at Yongbyon, am I right?

Dr. PERRY. 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.

Ms. SHERMAN. 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. CAMPBELL. Thank you. In closing, I want to say thanks to both of you, particularly to Dr. Perry, who I have had the privilege to know for a long time. I don't know enough about this to make any technological judgment, but I have no hesitation in my judgment of your sincerity and patriotism in undertaking the task you have, and I applaud you for it.

I do confess I am left with a bit of a quandary though. If we through good will and all the right intentions have enhanced the ability to produce weapons-grade material, we are then relying upon an assurance that they will not make the processing plant which we know they are capable of making. I wonder whether that is a better deal than never to have assisted them in the production of the fissionable material and simply tried to use what pressure we could at Pyongyang.

Dr. PERRY. 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. CAMPBELL. Thank you.

Chairman GILMAN. Thank you, Mr. Campbell. Mr. Knollenberg.

Mr. KNOLLENBERG. Dr. Perry, Ambassador Sherman, I too want to thank you for your patience, first, and for offering this testimony today. I applaud you, Dr. Perry, for your consistent work in investigating all avenues of this very important matter which concerns a lot of us, back to the KEDO Agreement and obviously forward.

Let me just dwell on a point raised by Mr. Campbell. He cited the fact that if, and I know that is an if, but if these reactors were to produce the close to 500 kilograms of plutonium in spent reactor fuel each year, enough, as has been alleged, to make 100 bombs, and North Korea decides to reprocess, now, what assurances, Dr. Perry, do we have that North Korea will not reprocess spent fuel?

You mentioned, for example, that if they were to, that would be in violation of the agreement. But what makes you believe that this would be a break to North Korea? They continue, it seems to us, to be breaking one rule after another, one part of the agreement after another, whether it is in oil, in food, or in the nuclear side, the light-water reactors.

I would just mention this. This goes back maybe to 1994 when this was architected. But I have been wondering for a long time why they chose to give North Korea light-water reactors? Just recently we had a problem in Japan. We had a problem in North Korea. We don't have to think about Chernobyl. When you hand this kind of technology over to a country like North Korea, you really have to wonder, you have to worry a little bit about why? Why not a coal-fired device? That is history, I know. But the question I am asking is why do you believe that North Korea wouldn't begin processing spent nuclear fuel?

Dr. PERRY. 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.

Mr. KNOLLENBERG. Would this spent fuel be stored on site? Is that part of the agreement?

Dr. PERRY. I want to get to—

Mr. KNOLLENBERG. I am talking—

Dr. PERRY. 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 send it out of the country. That I believe is the provision made.

Mr. KNOLLENBERG. You think that is in the agreement?

Dr. PERRY. I have to get that for the record. I don't want to quote the agreement in detail.

Mr. KNOLLENBERG. I would like to know that if it is possible.

Dr. PERRY. I will be happy to answer that.

[The information was not available at time of print]

Mr. KNOLLENBERG. What will happen to this potentially dangerous material is the key question here.

Ms. SHERMAN. 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 double-check.

Mr. KNOLLENBERG. That is in the agreement.

Ms. SHERMAN. 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.

Mr. KNOLLENBERG. Who is responsible for removing it? Who will be?

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

Mr. KNOLLENBERG. Is there any chance it might be moved to Yucca Mountain? That is a serious question. I laugh, but is that in the cards? You don't know.

Ms. SHERMAN. I don't think that was anticipated, Mr. Knollenberg, but we will check.

Mr. KNOLLENBERG. If you would kindly get back to me on those other questions, because if that is part of the 1994 Agreed Framework, then my belief is that that would not be classified and it should be available.

Dr. PERRY. I think we can answer that question for the record.

Mr. KNOLLENBERG. Dr. Perry, thank you, Ambassador, thank you.

Chairman GILMAN. I want to thank Mr. Knollenberg for participating and being a witness for us today.

I know Mr. Sherman just joined us. I have to go out of order because I am going to attend another hearing.

Dr. Perry, I regret I have been called back and forth to some other meetings. What most concerns me about the first path in your report, the path of improved relations, is that it appears to involve significant additional resource transfers to North Korea.

If we go down that path, do you anticipate increased U.S. assistance to North Korea beyond the hundreds of millions of dollars worth of aid we are already giving each year?

Dr. PERRY. 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 deci-

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.

Chairman GILMAN. Again, will there be additional funding that would be needed if we follow that first step beyond the hundreds of millions of dollars worth of aid?

Dr. PERRY. I haven't conceived of that.

Chairman GILMAN. Substantial food aid, for example?

Dr. PERRY. 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.

Chairman GILMAN. Have you made any recommendations to increase food aid and agricultural assistance?

Ms. SHERMAN. 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.

Chairman GILMAN. Thank you, Ambassador Sherman.

I recognize that we respond to the food aid programs regularly, but what I am asking Dr. Perry to tell me about is are you making a recommendation as a result of your report in your work on this issue for any substantial increase in food aid or agricultural assistance?

Dr. PERRY. 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.

Ms. SHERMAN. 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.

Chairman GILMAN. I am pleased to hear that.

Do you anticipate, Dr. Perry, North Korea eventually receiving any subsidized assistance from financial institutions like the World Bank and the IMF?

Dr. PERRY. Again, we have not offered and proposed to the North Koreans such assistance. I can certainly imagine them requesting such assistance.

Chairman GILMAN. Have you made any recommendations?

Dr. PERRY. 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.

Chairman GILMAN. Have you recommended that the U.S. support any requests by North Korea for such financial assistance from the international banks?

Dr. PERRY. Not that I am aware of. I can easily imagine them making such requests.

Chairman GILMAN. Did you make any recommendation that the U.S. support any such requests?

Dr. PERRY. 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.

Ms. SHERMAN. 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.

Chairman GILMAN. Dr. Perry, it is my understanding that Japan gave billions of dollars in assistance to South Korea after both of those countries normalized relations in 1965, and that the last time North Korea and Japan discussed normalization back in 1992, North Korea demanded \$10 billion in war reparations as the price of normalization. Under the first path that you have laid out, do you anticipate North Korea ultimately receiving massive war reparations from Japan?

Dr. PERRY. 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.

Chairman GILMAN. Have you discussed that proposal, Dr. Perry, with Kim Dae Jung and the Japanese Prime Minister Obuchi?

Dr. PERRY. Pardon me?

Chairman GILMAN. Did you discuss that proposal with President Kim Dae Jung and with the Japanese Prime Minister Obuchi?

Dr. PERRY. 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.

Chairman GILMAN. But there was no discussion of war reparations with the Japanese Prime Minister?

Dr. PERRY. 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.

Ms. SHERMAN. 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.

Chairman GILMAN. Ambassador Sherman, did you discuss these as possible conditions in your negotiations and discussions with the North Koreans?

You listed a long list of conditions. Were they discussed with the North Koreans as a benefit to them in the event they agreed?

Ms. SHERMAN. I think the North Koreans are very well aware—

Chairman GILMAN. I would like to ask Dr. Perry that.

Dr. PERRY. 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.

Chairman GILMAN. I am talking about the first path that you recommended. Were those conditions included, or those benefits included?

Dr. PERRY. 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.

Chairman GILMAN. No, I am asking what you suggested and recommended to the President with regard to the first path?

Dr. PERRY. 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.

Ms. SHERMAN. Everything—

Chairman GILMAN. Please let me pursue it with Dr. Perry.

Dr. Perry, as part of your first path, did you recommend that these were possible benefits if the Koreans agreed to the proposals that you made?

Dr. PERRY. 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.

Chairman GILMAN. Again, since it is there can you just recite to us whether or not U.S. assistance and financial institutions, agricultural aid, food aid, and war reparations were included in your first path discussions?

Dr. PERRY. Those are all possibilities after, and only after, major transformations happen in North Korea.

Chairman GILMAN. Does it concern you then that all these resource transfers of this kind of magnitude would consolidate the rule of perhaps the most repressive and dangerous regime on earth today?

Dr. PERRY. 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.

Chairman GILMAN. Dr. Perry, what assurances can be given that the money gained by North Korea from the lifting of sanctions and economic engagement with our Nation, with Japan and South Korea will not be used to bolster their nuclear or military programs?

Dr. PERRY. 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.

Chairman GILMAN. If there were financial gains by our lifting the sanctions, couldn't this flow of cash undermine our security?

Dr. PERRY. 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.

Chairman GILMAN. Thank you, Dr. Perry.

Mr. Sherman.

Mr. SHERMAN. The first question that I have for Dr. Perry, we are all hopeful that North Korea will follow the U.S. lead and continue to avoid missile testing and follow the Berlin Accords. This may call for some speculation, but what do you see as North Korea's intentions in that area?

Is this a temporary delay in a program they very much want to complete, or is this missile program something that they are prepared to—

Dr. PERRY. 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.

Mr. SHERMAN. Do you think that North Korea views this missile technology as an element of its foreign policy which could some day threaten American cities, or chiefly as a good they could export to other countries for money?

Dr. PERRY. 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.

Mr. SHERMAN. As long as North Korea is on the terrorism list, are American companies and individuals free to invest in North Korea should they wish to do so?

Dr. PERRY. Let me ask you, Ambassador Sherman.

Ms. SHERMAN. 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.

Mr. SHERMAN. So if somebody wanted to establish a factory in North Korea with U.S. capital to make tennis shoes for the U.S. market or some other consumer good, that would be acceptable

once the President's policy is implemented, which is relatively certain to occur in the next few months?

Ms. SHERMAN. Yes.

Mr. SHERMAN. Do we expect that there will be much U.S. investment in North Korea once this policy—are you getting a lot of phone calls from companies asking your advice on how to make investments in North Korea, Dr. Perry?

Dr. PERRY. 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.

Mr. SHERMAN. I assume that OPIC and Eximbank would not be available for trade or investment in North Korea?

Ms. SHERMAN. No, not at this time.

Mr. SHERMAN. Do you see the U.S. Government or State Department actively trying to get U.S. companies to co-venture either with Korean-American businesses or South Korean companies in order to make investments? Are the North Koreans more reticent or less reticent to have a South Korean or Korean-American in their country than somebody that they would regard as completely outside Korea?

Dr. PERRY. 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?

Ms. SHERMAN. 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.

Mr. SHERMAN. Getting back to another part of that question, you said one of the barriers to investment is the reluctance of the North Korean government to see Americans in their country. Are they more reticent or less reticent to see Korean-Americans or to see South Korean executives in their country as opposed to—

Dr. PERRY. 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.

Mr. SHERMAN. So if anything, they would be more reticent to have Korean speaking non-North Korean nationals?

Dr. PERRY. They have been in the past. There is ample evidence of that.

Mr. SHERMAN. Thank you. My time has expired.

Mr. SMITH. [Presiding.] I thank my friend.

Let me just welcome our two distinguished witnesses. I share the concerns that many Members have concerning the nuclear issue and the trustworthiness of the North Korean regime, but I would

like to focus on another area, and that is we all know that North Korea continues to have probably the worst human rights record of any country on the face of the earth. The North Korean government characterizes its citizens into 51 classes, and there are about 7 million people, a third of the population who have been deemed to be hostile and suffer accordingly for that alleged hostility to the regime.

When it comes to food aid, I have been a very strong supporter of providing maximum food aid to North Korea to alleviate their horrific famine. I think it is worth noting, and we ought to say this with some pride, that the United States continues to be largest donor of food aid to North Korea. According to the GAO, the cumulative donations since 1995 are valued at about \$365 million, most of it being channeled through the World Food Program, about 88 percent of the WFP's distributions in North Korea.

We have gotten assurances repeatedly that our food aid will only be distributed in counties where North Koreans permit our monitors, and yet the GAO has found—and they were not permitted access directly, but through conversations and interviews with all of the other players involved—they have concluded that over 14,000 tons of food aid went into military counties. They report that WFP estimates that 90 percent of the North Korean institutions receiving food aid have not received monitoring visits. Of those 10 percent in the sampling or monitoring, they found that North Korean restrictions precluded them from randomly selecting the institutions that they would monitor. They were told where they could go and who they could see.

You have Doctors Without Borders and Doctors of the World leaving. We have one NGO person writing recently that it is a big scam, they don't allow access. This does relate to the nuclear issue as well. We had former Ambassador Lilly testify not so long ago before the site visit to North Korea that what we would be going to see would be an empty hole. He said anyone who thinks otherwise, I will sell them the Brooklyn Bridge. That is a paraphrase, but something along those lines because there is no way that nuclear material would be found there given the time that was being permitted before we would actually have an on site inspection.

Here we have something of a no brainer. We are helping to alleviate suffering among North Korea's own people, and we should be proud that we are doing it. I agree with Dr. Perry, a humanitarian basis ought to be the criteria, but where is the food really going and what are we doing, especially in light of the GAO report which came out in October that it would appear that much of that food is being diverted? It is not getting to the intended recipients and some of the poorest of the poor, like the 927 kids who suffer a harsh fate because they are orphans or because they are without a home. They are the ones dying from malnutrition. It reminds me of what Mengistu did in Ethiopia some years back when he used food as a weapon. Doctors Without Borders, coincidentally, left there, too, believing it was an outrage to participate in something where people were being killed and where food was being used as a weapon.

What can be done to stop this apparent diversion of food aid and to get monitoring and make it clear to the North Koreans we want

to help their people but you can't deny access to international public servants like World Food Program personnel to make sure that it gets to its intended recipients?

Dr. Perry?

Dr. PERRY. 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.

Mr. SMITH. Ambassador Sherman?

Ms. SHERMAN. 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. SMITH. With all due respect, the report does point out, "WFP told us, however, that in 1998 North Korean authorities distributed at least 14,738 metric tons of WFP food to counties that they had previously agreed upon would be open to WFP monitors, but that after distribution, the North Korean military blocked WFP from monitoring how the food was used. The ultimate disposition of the food remains unknown."

To say that—they are just denying access so we don't know. A reasonable man or woman could say why deny access if they are not hiding something? Then they go on with another incident, and they speak throughout this report about not knowing. To say anecdotally that we see people getting more healthy misses the point. There are hundreds of thousands who are growing increasingly famished, if not dead, that we don't know about, and we and the international community are stepping up to the plate to provide what has been previously agreed upon.

My point is that this needs to be pushed at the highest level and it is, I think, the harbinger of how they will deal with us on the nuclear issue. There is a connection. If food cannot be dealt with in a way that is at least somewhat transparent, how can we expect them to deal with us on the nuclear issue in a way that we can have a high level of confidence with regards to verification?

I yield to Mr. Pomeroy.

Mr. POMEROY. I thank the Chairman. I would be interested in having the panel respond to the alternative which would be the cessation of food aid and the concerns that you have noted. What would be the likely manifestations of just stopping food aid from the United States to North Korea?

Dr. PERRY. 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. Reclaiming my time, I do not believe in a cutoff of aid. I believe we need to use every lever imaginable to make sure that we have honest and transparent monitoring. The fact that there are hundreds of thousands of kids—927 kids is absolutely appalling. A third of their country is considered hostile. I don't think that they are getting the food. I just don't know. So this is like our wakeup call that despite all of our best efforts, including the Administration's, we are still not getting the kind of compliance that they have agreed to.

I say parenthetically, this is the only nation that agreed to an international human rights treaty, the International Covenant on Civil and Political Rights—the one that the Chinese government has milked for all that they can possibly get and still are not in the verification mode, although the enforcement is feckless at

best—which is trying to get out of it. This is a country that says they don't want to be held accountable to a weak enforcement policy with regards to that treaty.

I just say that because I think we are all on the same side, but we need to push hard to get that food aid to the intended recipient.

Dr. PERRY. 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.

Mr. SMITH. Dr. Cooksey.

Mr. COOKSEY. [Presiding.] Thank you, Mr. Chairman, and welcome.

Dr. Perry and Ambassador Sherman, I am going to put some material in the record and I am going to make a statement and then I would like you to prove me wrong.

I hope you can.

I have information that basically the embassies of North Korea around the world are self-financed, and a lot of their self-financing is with running drug operations. I have a list of 34 members of the embassies of North Korea who have been arrested in various countries, including some communist countries, for dealing in drugs.

It is also my understanding that the North Koreans are restricted to a 25-mile radius of New York City because of the United Nations, and they cannot be in this meeting. But every time I come to one of these meetings I assume that whatever country we are talking about, last week it was Russia, China, or some South American country, that they have at least one representative in these hearings.

It is also my understanding that we have made an offer, or not we but the State Department or the Administration has made an offer to open some type of diplomatic office in Washington and they have turned it down because they said that they could not afford it or finance it or they were concerned about being able to finance it with drugs.

It is also my understanding that in 1995 we were giving them \$9 million a year in American taxpayer dollars, and this year they are getting \$645 million. I am going to submit this, the people who have been arrested, to the Chairman for the record. Would you agree or disagree that their embassies are self-financed and that their embassies have been involved in drug trafficking and that is the way that they finance their embassies?

Ms. SHERMAN. 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.

Dr. COOKSEY. So you agree with some of my—

Ms. SHERMAN. 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.

Dr. COOKSEY. You were shaking your head, though.

Ms. SHERMAN. 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.

Dr. COOKSEY. In cash?

Ms. SHERMAN. 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.

Dr. COOKSEY. I appreciate the clarification.

Dr. PERRY, first I want to tell you I am particularly impressed that you have your undergraduate, Master's, and Ph.D. in mathematics. I think the biggest problem in this city is that too many people have never taken a math course, much less an accounting course, and that is the reason that there is a lot of distortion in the budget process and the appropriations process. Of course we are doing a lot better job than they used to in the past, and hopefully that is because there are a lot more people with math backgrounds.

Would you like to comment on my questions?

Dr. PERRY. 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.

Dr. COOKSEY. Sure.

Dr. PERRY. 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 rela-

tions with the United States, here are some benefits which could occur. That was certainly discussed.

Dr. COOKSEY. Sure. I think that is obviously probably the best approach that we can make because quite frankly, I am bothered by all of the opening statements at all of these hearings when my colleagues waste a lot of your time and even my time bantering back and forth. But I did, to a certain extent, agree with Congressman Rohrabacher that this is a very strange group of people and a strange administration which is holding onto a political philosophy which is going to end up in the junk heap of history and an economic philosophy which is equally flawed, but we do need to engage them—they don't even know what globalization is much less the Information Age because they are about 75 years or more behind the times.

I look at what is going on in Germany right now, and I think everything that was done in an effort to bring East Germany into the fold of West Germany probably had good intentions. But one of the reasons that it is not working as quickly as anticipated is that the world has changed since the Berlin Wall came down, and the world is now a world of globalization and information technology. All this is changing at the speed of light, and politicians don't think at the speed of light, unfortunately.

Did you have another comment?

Dr. PERRY. 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.

Dr. COOKSEY. Sure. I understand that. I will ask unanimous consent, and since I am it, that this be submitted for the record.

I want to thank you for being here today and providing this information to this Committee.

[The information was unavailable at time of print]

Dr. PERRY. Thank you.

Ms. SHERMAN. Thank you.

Dr. COOKSEY. The Committee is adjourned.

[Whereupon, at 1:35 p.m., the Committee was adjourned.]

A P P E N D I X

OCTOBER 35, 1999

NEWS
**International
Relations
Committee**

U.S. House of Representatives * Benjamin A. Gilman, Chairman * 2170 RHOB * Washington, D.C. 20515

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GILMAN: "NORTH KOREA MAY STILL BE PURSUING A NUCLEAR PROGRAM"

WASHINGTON (Oct. 13) – U.S. Rep. Benjamin A. Gilman (20th-NY), Chairman of the House International Relations Committee, said that "North Korea may still be pursuing a nuclear program" and "is arguably the largest proliferator of missiles and enabling technology in the world," at a committee hearing on North Korea today.

In August, House Speaker Dennis Hastert appointed Gilman to lead a study of North Korea's threat to the United States and its allies. The North Korea Advisory Group is expected to issue an unclassified report in late October.

Gilman's full statement follows:

"Without question, North Korea constitutes one of our nation's greatest foreign policy challenges. The Democratic Peoples' Republic of Korea (DPRK) is also the country most likely to involve the United States in a large-scale regional war over the near term.

"Five years after the advent of the 1994 Agreed Framework and the beginnings of our policy of engagement, North Korea has become the largest recipient of U.S. foreign aid in East Asia. Our nation will send over \$270 million in aid to North Korea this year alone. We have sent almost \$750 million to the DPRK since 1995. Our nation is now arguably North Korea's main benefactor.

"Despite this influx of aid, North Korea remains a significant threat to our nation's interests. In fact, the concern is so great about the comprehensive threat posed by the DPRK to American interests that the Speaker has asked me to form a Republican North Korea Advisory Group to look at this matter. We plan to issue an unclassified report in the near future which will address the North Korean threat.

"There is reason to be concerned about North Korea today. The threat to U.S. interests continues and is in fact spreading into less conventional areas. The DPRK has deployed three new types of missile since 1993 –the newest capable of striking our nation. This is a clear and present danger to our national security and allows North Korea to create a balance of terror in Northeast Asia.

"North Korea arguably is the largest proliferator of missiles and enabling technology in the world today.

(more)

Its transfers to South Asia and to the Middle East are particularly distressing and potentially destabilizing.

"Despite the Agreed Framework, North Korea may still be pursuing a nuclear program. The DPRK may be seeking a parallel program based on highly enriched uranium which strongly suggests that North Korea never intended to curb its nuclear ambitions.

"My greatest fear is that this unpredictable regime in Pyongyang will combine its covert nuclear weapons program with an intercontinental ballistic missile capable of striking the United States --- and our policy will have failed to prevent it.

"North Korea continues to improve its conventional force structure despite its economic decline. North Korea buys military equipment from abroad -- such as MiG-21's from Kazakhstan -- while its people go hungry. It feeds the party elite and the military yet the DPRK refuses to reform its own economy to help North Koreans feed themselves.

"At my request, The General Accounting Office (GAO) recently completed two major studies of our assistance programs in North Korea. Our aid is supposed to be closely monitored to prevent diversions to the Communist Party or the military. But according to the GAO report, which will be released Friday, our fuel and food aid has not been effectively monitored.

"While the U.N. World Food Program under its American Executive Director, Catherine Bertini, is doing an outstanding job, the North Koreans have not let her monitors visit more than 10% of actual food distribution sites. This means that 90% of the sites where food is distributed have not been visited by a food monitor. This runs counter to our nation's policy.

"North Korea is the world's most repressive regime. It brutally oppresses the fundamental human rights of its people and sends many of them to languish in political prisons. The DPRK is now deeply involved in international narcotics trafficking and other criminal activity such as the counterfeiting of US currency.

"Shockingly, North Korea still holds prisoners from the Korean War and may be holding live Americans against their will. We must get to the ground-truth about this issue of live Americans in North Korea. All of these issues must be taken into account in any process towards normalization of relations with this rogue state.

"I am concerned our policies towards North Korea have failed and that our aid is sustaining a brutal regime. I also fear that the Clinton Administration has conditioned North Korea to believe that brinkmanship brings benefits.

"I want to thank Dr. Perry for his efforts and his service -- again-- to our nation. But we must ensure as we embark on this new path that our policy is firm; that it will require full reciprocity; that it does not undermine our fundamental national security; that it is willing to undertake tough measures in the face of North Korean belligerence; and that it does not encourage in any way the DPRK to miscalculate our nation's resolve. I wish Dr. Perry the best in carrying out this most challenging and important task."

Testifying at the hearing were Rep. Christopher Cox (CA), Chairman of the House Republican Policy Committee, Rep. Joe Knollenberg (MI), and Dr. William Perry, North Korea Policy Advisor, U.S. Department of State.

Testimony by Rep. Joe Knollenberg
House International Relations Hearing on North Korea
October 13, 1999

Mr. Chairman and Members of the International Relations Committee, I thank you for the opportunity to testify here today on our current policy with North Korea, and particularly to share some information with you from a General Accounting Office report, released today, on the distribution of heavy fuel oil under the 1994 Agreed Framework.

Mr. Chairman, as you know I am a member of the Foreign Operations Appropriations Subcommittee which provides funding for the United States contributions to the Korean Peninsula Energy Development Organization. I have been a member of that Subcommittee since Congress first began paying for the 1994 Agreed Framework in Fiscal Year 1995.

I was also requested by the Speaker of the House to join his North Korea Advisory Group. In my role as a member of the Advisory Group, I have met with Secretary Perry, Ambassador Sherman, and other members of the Administration

including the Department of State, Department of Defense, CIA, Secret Service, and the DEA.

I have also reviewed a substantial amount of classified information, including Secretary Perry's report, and I encourage all Members of the Committee and the House to review this information as well. As we work together to review the Administration's current policy with North Korea, it is essential to know as many of the facts as possible.

Many Americans do not understand why the United States is supplying aid, in the form of oil, to North Korea. After all, North Korea has remained in a state of war with the U.S. since 1950, is listed by the Department of State as a sponsor of international terrorism and continues to proliferate missiles and missile technology to other rogue nations.

But as all of the Members here today know, in 1994 the Administration cut a deal with Pyongyang. After repeated North Korean threats of starting an international conflict, the Administration formed the Korean Peninsula Energy Development Organization and agreed to a \$5 billion deal. Under this plan, the

Administration agreed to facilitate the provision to North Korea of two light-water nuclear reactors and an annual supply of 500,000 tons of heavy fuel oil until the nuclear reactors are built.

Under the Agreed Framework, this heavy fuel oil is to be used only for heating and electricity production at seven specific locations. Any diversion of this oil for other purposes constitutes a violation of the 1994 agreement.

To date the United States has contributed \$138.4 million to North Korea in the form of heavy fuel oil. For Fiscal Year 2000 the Administration requested another \$55 million. In addition, on September 29, 1999 the President signed a reprogramming request for an additional \$18.1 million for North Korea.

Before we continue to spend taxpayer dollars on aid to North Korea, Congress and the American people deserve to know whether Pyongyang is living up to its end of the bargain.

In mid-1995, KEDO established a heavy fuel oil monitoring system. This system consists of flow meters and data recorders at each of the seven sites where

the oil is consumed. This system is designed to detect and deter any diversion of heavy fuel oil.

However, the GAO report provides some alarming information about this monitoring system. According to the GAO, “KEDO has no arrangements with North Korea for monitoring the large quantities of heavy fuel oil in storage or in transit to the plants consuming the heavy fuel oil.” (Pg. 12, GAO Report)

In addition, monitoring equipment installed at each of the seven sites consuming KEDO-supplied heavy fuel oil has been subject to power outages at various times since the system was installed.

According to the GAO, “the worst outages of the KEDO monitoring system occurred at Pyongyang, whose monitoring system was inoperative for 46 percent of the year, and Chongjin, whose monitoring system did not operate at all during 1998.” (Pg. 14-15) These two sites combined consumed over 20 percent of the fuel oil supplied that year.

The most alarming incident reported by the GAO, however, took place this year at the Sonbong Thermal Power Plant, where over half of the KEDO-supplied fuel oil has been consumed.

On January 18, 1999 the monitoring system at this plant became inoperative and was not restored until April 26, 1999. During this period of over three months, the only data showing the consumption of heavy fuel oil at Sonbong have been provided by North Korea.

According to the information supplied in the GAO report, during this time “heavy fuel oil was being consumed at levels substantially exceeding those historically recorded at Sonbong.” (Pg. 20)

For the six months leading up to the shutdown of the monitoring system, the consumption of heavy fuel oil was approximately 10,700 metric tons biweekly. During the three-month period when the monitoring equipment was not operating, the average consumption reported by North Korea increased by 62 percent to over 17,300 metric tons biweekly. After the repair of the monitoring equipment, consumption dropped back down to an average of 11,500 metric tons biweekly.

In effect, we see a spike in oil consumption at precisely the time when the monitoring system is inoperative.

Although North Korean officials claim to have experienced an increase in consumption during those months, the GAO report states “the failure of KEDO’s monitoring equipment leaves no way to verify this.” (Pg. 22)

This is yet another incident in a history of incidents with North Korea. Pyongyang is determined to get as much as it can out of the United States while providing as little as possible in return. Unfortunately I fear the GAO report shows again the Administration’s current policy falls into this trap by supplying many different carrots without any of the necessary sticks.

Before we spend any additional taxpayer dollars on aid to North Korea, Congress and the American people deserve to know whether North Korea is living up to its end of the bargain.

Again, I thank the Chairman and the Members of the Committee for allowing me to share this information with you today.

Testimony before
The House International Relations
Committee

By Dr. William J. Perry
Special Advisor to the President and
Secretary of State

October 13, 1999

Introduction

Mr. Chairman, thank you for this opportunity to appear before you and other Members of this Committee to discuss my review of U.S. policy toward the Democratic People's Republic of Korea.

I also want to express my thanks to President Clinton for the confidence he expressed in me when he requested that I take on this review. I remember well the serious crisis in the summer of 1994, when I was Secretary of Defense, over the North Korean nuclear program at Yongbyon. That crisis raised the very real prospect of a horribly destructive war on the Korean Peninsula, a prospect averted by negotiation of an Agreed Framework freezing nuclear operations at Yongbyon. I thus approached this assignment with a full awareness of its seriousness.

In early September I sent to the President a classified report of my recommendations and findings, which I understand was forwarded to the Hill the week of September 13th. As you well know, this report took many months to prepare, and I want to convey my appreciation to Congress personally for its patience in what has been a difficult and complicated process. Since you and other Members had a prominent role in the creation of this policy review, I am especially gratified to be here today to speak for the record about my review.

Circumstances Leading to the Review

Mr. Chairman, for more than 45 years since the end of the Korean War, the Korean Peninsula has had not peace, but an armed truce. The DPRK maintains an army of over a million men, most of whom are deployed near the border. These forces are deterred by Republic of Korea and U.S. forces which are only half the size of North Korea's forces, but are well trained and equipped, and are backed up by the highly ready American forces in Japan, Hawaii, Alaska, and the West Coast of the United States. As a consequence, deterrence is strong, and peace has been maintained on the Peninsula for the last four decades.

But five years ago, 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, which would have yielded enough plutonium to make about a half-dozen nuclear bombs. We believed that the introduction of these nuclear weapons could upset the deterrence posture on the Peninsula, and we were within a day of imposing severe sanctions.

North Korea said that it would consider the imposition of these sanctions as an act of war. Although some argued that this was only rhetoric, it could not be dismissed. We therefore undertook a detailed review of our war contingency plan, and the U.S. began preparations for sizable reinforcements to our troops in the ROK. In the event of a war, we were confident of a clear allied victory, but not without high casualties on all sides.

Fortunately, that crisis was resolved not by war, but by a diplomatic agreement known as the Agreed Framework. The 1994 Agreed Framework provided for a freeze of nuclear facilities at and near Yongbyon, to be followed in time by the dismantlement of those facilities. Today those nuclear facilities remain frozen. That result is critical for security on the Peninsula, since during the last five years those facilities could have produced enough plutonium to make a substantial number of nuclear weapons. The dismantlement of those nuclear facilities awaits construction of less proliferation-prone light water reactors called for in the Agreed Framework, and completion of that construction is still several 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 Kumchangni, 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 missiles, the Taepo Dong 1 and Taepo Dong 2, which would add to an existing No Dong ballistic missile arsenal capable of reaching all of Japan. The Taepo Dong 1 and 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, 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 both in the U.S. and Japan, and led to calls for a termination of the funding which supported the Agreed Framework. But if the Agreed Framework were to be aborted, there is no doubt that the DPRK would respond with a reopening of the Yongbyon nuclear facility. And this 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. President Clinton 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 the DPRK. Much had changed in the five years since we had resolved the last crisis with the signing of the Agreed Framework, and I believed that the stakes had become even higher -- for Americans, for Koreans, and for the Japanese.

The Review Process

Mr. Chairman, as you know, a policy review team, led by 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 eight months, and was supported by a number of senior officials from the U.S. government and by Dr. Ashton Carter of Harvard University. We were also very fortunate to have received regular and extensive guidance from the Secretary of State, the Secretary of Defense, the National Security Advisor and senior policy advisors.

* A subsequent site visit in May removed this particular concern..

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 the Capitol to give regular status reports to Members on the progress of this review and looked forward to the comments I received on the ideas that my North Korea policy review team and I were developing. I also exchanged views with officials from many countries with interests in Northeast Asia and the Korean Peninsula, including our allies, the ROK and Japan. In Beijing, I spoke with high-level Chinese officials. I met with prominent members of the humanitarian aid community. I saw large and small groups, during formal and informal settings, talked with people by phone and received a wealth of written material, solicited and unsolicited. Members of the policy review team held meetings with many other individuals and organizations as well. In addition, I traveled to North Korea this past May, as President Clinton's Special Envoy, to obtain a first-hand understanding of the views of the DPRK Government.

The results of my review reflect the consensus that I saw emerge from the team's countless hours of work and study.

In conducting this review, my policy review 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 to the Committee for the record. Rather than going through the report section by section, I would like to call your attention here today to certain portions of my report.

Findings and Observations

Mr. Chairman, during this review, we came to a number of findings and observations that supported our primary policy recommendations. Let me highlight a few of these for the Committee.

First, the military correlation of forces on the Korean Peninsula strongly favors the allied forces, even more than during the 1994 crisis, and I believe that this is understood by the DPRK. Therefore, deterrence is strong, unless it is upset by the introduction of nuclear weapons, especially nuclear warheads on ballistic missiles.

Second, there has been no production of fissile material at Yongbyon since the Agreed Framework came into force, but that production at this site could restart in few months if the 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 Agreed Framework has worked these past five years, but is unsustainable in the face of continued DPRK firings of long-range missiles, since these firings undermine the necessary support for the Agreed Framework.

Finally, we have determined that, while North Korea is undergoing terrible economic hardship, these hardships are unlikely to cause the regime to be undermined. We therefore must deal with the DPRK regime as it is, not as we would wish it to be.

The Recommended Policy Alternative

After considering a variety of policy alternatives, the policy review team decided to recommend a multifaceted strategy aimed at dealing initially with priority U.S. concerns over DPRK nuclear weapons- and missile-related activities. This alternative was developed in close consultation with the governments of the ROK and Japan and has their support at the highest levels.

This recommended alternative involves a comprehensive and integrated approach to U.S. negotiations with the DPRK. In essence, we have recommended that the allies establish two alternative strategies. In the first, if the DPRK is willing to forgo its long-range missile program as well as its nuclear weapons program, we should be willing to move step-by-step on a path to a comprehensive normalization of relations, including the establishment of a permanent peace. Alternatively, however, if North Korea does not demonstrate 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, so obviously the first strategy is preferred. But the United States cannot unilaterally enforce the first strategy. The first strategy requires continued support of the Agreed Framework by the American Congress and the South Korean and Japanese parliaments, and 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 ROK, and I believe that we will have that full participation.

During the course of the policy review, the governments of the U.S., ROK and Japan have worked together more closely than ever before, and I believe this tripartite cooperation will endure into the future, and be applied to other problems in the region, as well. Indeed, this close trilateral consultation is an extremely important result of this review – something that I am proud to have been a part of. And, of course, the viability of the first strategy depends on full cooperation from North Korea.

A May 1999 Trip to Pyongyang

To determine whether that cooperation would be something we could expect, our policy team travelled to the DPRK late in May to explore with the North Korean leadership our working concepts. We were received in Pyongyang with courtesy, and held extensive and serious discussions. And while we disagreed on many issues, the talks were constructive and 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 the nuclear restraint that had been established in the Agreed Framework. That goal was achieved, with both sides

reaffirming the principles of the Agreed Framework. Critical to that agreement was the visit by an expert team to Kumchangni, which established that this site was not suitable for the installation of a nuclear reactor and reprocessing 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 clear that they were prepared to take that step at that time.

Fourth, we wanted to explore whether the DPRK was willing to forgo its long-range missile program, and begin moving with the U.S. 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 MTCR standards, but that suspending 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 this issue further.

Recent Developments

Three meetings have followed since then; the first two in Beijing and Geneva were not conclusive. After the last meeting in Berlin, earlier last month, the U.S. decided to take a small but positive step that was consistent with the Agreed Framework, in order to improve the atmosphere in our bilateral relations with the DPRK. 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 more remains to be done. Nonetheless, we are started. And -- 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 and return to a course to contain that threat.

However, I truly believe that will not be necessary. Instead, I believe 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 ROK and DPRK, and bilateral issues between Japan and North Korea.

Concluding Thoughts

Mr. Chairman, please let me conclude with the following thoughts:

First, the approach recommended by the policy review is based on a realistic view of the DPRK, a hardheaded understanding of military realities and a firm determination to protect U.S. interests and those of our allies. It is a flexible approach and 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.

Third, no policy toward North Korea will succeed without the support of our allies, the Republic of Korea and Japan. If tensions were to escalate, the ROK would bear greatest risk; Japan has vital security interests in Korea as well.

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 steadiness 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 strongly feel is a unique window of opportunity for the U.S. with respect to North Korea. There is a clear and common understanding among Seoul, Tokyo, and Washington on how to deal with Pyongyang. The PRC's strategic goals -- especially on the issue of North Korean nuclear weapons and related missile delivery systems -- overlap with those of the U.S. Pyongyang appears committed to the Agreed Framework and for the time being is convinced of the value of improving relations with the U.S. 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, will finally lead to a Korean Peninsula which is secure, stable, and prosperous.

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Report

*Office of the North Korea Policy Coordinator
United States Department of State*

**Review of United States Policy
Toward North Korea:**

**Findings and
Recommendations**

*Dr. William J. Perry
Special Advisor to the President
and the Secretary of State*

October 12, 1999

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UNCLASSIFIED REPORT
NORTH KOREA POLICY REVIEW
FINDINGS AND RECOMMENDATIONS

A North Korea policy review team, led by Dr. William J. Perry and working with an interagency group headed by the Counselor of the Department of State Ambassador Wendy R. Sherman, was tasked in November 1998 by President Clinton and his national security advisors to conduct an extensive review of U.S. policy toward the DPRK. This review of U.S. policy lasted approximately eight months, and was supported by a number of senior officials from the U.S. government and by Dr. Ashton B. Carter of Harvard University. The policy review team was also very fortunate to have received regular and extensive guidance from the Secretary of State, the Secretary of Defense, the National Security Advisor and senior policy advisors.

Throughout the review the team consulted with experts, both in and out of the U.S. government. Dr. Perry made a special point to travel to the Capitol to give regular status reports to Members of Congress on the progress of this review, and he benefited from comments received from Members on concepts being developed by the North Korea policy review team. The team also exchanged views with officials from many countries with interests in Northeast Asia and the Korean Peninsula, including our allies, the ROK and Japan. The team also met with prominent members of the humanitarian aid community and received a wealth of written material, solicited and unsolicited. Members of the policy review team met with many other individuals and organizations as well. In addition, the team traveled to North Korea this past May, led by Dr. Perry as President Clinton's Special Envoy, to obtain a first-hand understanding of the views of the DPRK Government.

The findings and recommendations of the North Korea Policy Review set forth below reflect the consensus that emerged from the team's countless hours of work and study.

The Need for a Fundamental Review of U.S. Policy

The policy review team determined that a fundamental review of U.S. policy was indeed needed, since much has changed in the security situation on the Korean Peninsula since the 1994 crisis.

Most important – and the focus of this North Korea policy review – are developments in the DPRK's nuclear and long-range missile activities.

The Agreed Framework of 1994 succeeded in verifiably freezing North Korean plutonium production at Yongbyon – it stopped plutonium production at that facility so that North Korea currently has at most a small amount of fissile material it may have secreted away from operations prior to 1994; without the Agreed Framework, North Korea could have produced enough additional plutonium by now for a significant number of nuclear weapons. Yet, despite the critical achievement of a verified freeze on plutonium production at Yongbyon under the Agreed Framework, the policy review team has serious concerns about possible continuing nuclear weapons-related work in the DPRK. Some of these concerns have been addressed through our access and visit to Kumchang-ni.

The years since 1994 have also witnessed development, testing, deployment, and export by the DPRK of ballistic missiles of increasing range, including those potentially capable of reaching the territory of the United States.

There have been other significant changes as well. Since the negotiations over the Agreed Framework began in the summer of 1994, formal leadership of the DPRK has passed from President Kim Il Sung to his son, General Kim Jong Il, and General Kim has gradually assumed supreme authority in title as well as fact. North Korea is thus governed by a different leadership from that with which we embarked on the Agreed Framework. During this same period, the DPRK economy has deteriorated significantly, with industrial and food production sinking to a fraction of their 1994 levels. The result is a humanitarian tragedy which, while not the focus of the review, both compels the sympathy of the American people and doubtless affects some of the actions of the North Korean regime.

An unrelated change has come to the government of the Republic of Korea (ROK) with the Presidency of Kim Dae Jung. President Kim has embarked upon a policy of engagement with the North. As a leader of great international authority, as our ally, and as the host to 37,000 American troops, the views and insights of President Kim are central to accomplishing U.S. security objectives on the Korean Peninsula. No U.S. policy can succeed unless it is coordinated with the ROK's policy. Today's ROK policy of engagement creates conditions and opportunities for U.S. policy very different from those in 1994.

Another close U.S. ally in the region, Japan, has become more concerned about North Korea in recent years. This concern was heightened by the launch, in August 1998, of a Taepo Dong missile over Japanese territory. Although the Diet has passed funding for the Light Water Reactor project being undertaken by the Korean Peninsula Energy Development Organization (KEDO) pursuant to the Agreed Framework, and the government wants to preserve the Agreed Framework, a second missile launch is likely to have a serious impact on domestic political support for the Agreed Framework and have wider ramifications within Japan about its security policy.

Finally, while the U.S. relationship with China sometimes reflects different perspectives on security policy in the region, the policy review team learned through extensive dialogue between the U.S. and the PRC, including President Clinton's meetings with President Jiang Zemin, that China understands many of the U.S. concerns about the

deleterious effects that North Korea's nuclear weapons and missile activities could have for regional and global security.

All these factors combine to create a profoundly different landscape than existed in 1994. The review team concurred strongly with President Clinton's judgment that these changed circumstances required a comprehensive review such as the one that the President and his team of national security advisors asked the team to conduct. The policy review team also recognized the concerns of Members of Congress that a clear path be charted for dealing with North Korea, and that there be closer cooperation between the executive and legislative branches on this issue of great importance to our security. The review team shared these concerns and has tried hard to be responsive to them.

Assessment of the Security Situation on the Korean Peninsula

In the course of the review, the policy team conferred with U.S. military leaders and allies, and concluded that, as in 1994, U.S. forces and alliances in the region are strong and ready. Indeed, since 1994, the U.S. has strengthened both its own forces and its plans and procedures for combining forces with allies. We are confident that allied forces could and would successfully defend ROK territory. We believe the DPRK's military leaders know this and thus are deterred from launching an attack.

However, in sharp contrast to the Desert Storm campaign in Kuwait and Iraq, war on the Korean Peninsula would take place in densely populated areas. Considering the million-man DPRK army arrayed near the DMZ, the intensity of combat in another war on the Peninsula would be unparalleled in U.S. experience since the Korean War of 1950-53. It is likely that hundreds of thousands of persons – U.S., ROK, and DPRK – military and civilian – would perish, and millions of refugees would be created. While the U.S. and ROK of course have no intention of provoking war, there are those in the DPRK who believe the opposite is true. But even they must know that the prospect of such a destructive war is a powerful deterrent to precipitous U.S. or allied action.

Under present circumstances, therefore, deterrence of war on the Korean Peninsula is stable on both sides, in military terms. While always subject to miscalculation by the isolated North Korean government, there is no military calculus that would suggest to the North Koreans anything but catastrophe from armed conflict. This relative stability, if it is not disturbed, can provide the time and conditions for all sides to pursue a permanent peace on the Peninsula, ending at last the Korean War and perhaps ultimately leading to the peaceful reunification of the Korean people. This is the lasting goal of U.S. policy.

However, acquisition by the DPRK of nuclear weapons or long-range missiles, and especially the combination of the two (a nuclear weapons device mounted on a long-range missile), could undermine this relative stability. Such weapons in the hands of the DPRK military might weaken deterrence as well as increase the damage if deterrence failed. Their effect would, therefore, be to undermine the conditions for pursuing a relaxation of tensions, improved relations, and lasting peace. Acquisition of such weapons by North Korea could also spark an arms race in the region and would surely do

grave damage to the global nonproliferation regimes covering nuclear weapons and ballistic missiles. A continuation of the DPRK's pattern of selling its missiles for hard currency could also spread destabilizing effects to other regions, such as the Middle East.

The review team, therefore, concluded that the urgent focus of U.S. policy toward the DPRK must be to end its nuclear weapons and long-range missile-related activities. This focus does not signal a narrow preoccupation with nonproliferation over other dimensions of the problem of security on the Korean Peninsula, but rather reflects the fact that control of weapons of mass destruction is essential to the pursuit of a wider form of security so badly needed in that region.

As the United States faces the task of ending these weapons activities, any U.S. policy toward North Korea must be formulated within three constraining facts:

First, while logic would suggest that the DPRK's evident problems would ultimately lead its regime to change, there is no evidence that change is imminent. United States policy must, therefore, deal with the North Korean government as it is, not as we might wish it to be.

Second, the risk of a destructive war to the 37,000 American service personnel in Korea and the many more that would reinforce them, to the inhabitants of the Korean Peninsula both South and North, and to U.S. allies and friends in the region dictate that the United States pursue its objectives with prudence and patience.

Third, while the Agreed Framework has critics in the United States, the ROK, and Japan – and indeed in the DPRK – the framework has verifiably frozen plutonium production at Yongbyon. It also served as the basis for successful discussions we had with the North earlier this year on an underground site at Kumchang-ni – one that the U.S. feared might have been designed as a substitute plutonium production facility. Unfreezing Yongbyon remains the North's quickest and surest path to nuclear weapons. U.S. security objectives may therefore require the U.S. to supplement the Agreed Framework, but we must not undermine or supplant it.

Perspectives of Countries in the Region

The policy review team consulted extensively with people outside of the Administration to better understand the perspectives of countries in the region. These perspectives are summarized below.

Republic of Korea. The ROK's interests are not identical to those of the U.S., but they overlap in significant ways. While the ROK is not a global power like the United States and, therefore, is less active in promoting nonproliferation worldwide, the ROK recognizes that nuclear weapons in the DPRK would destabilize deterrence on the Peninsula. And while South Koreans have long lived within range of North Korean SCUD ballistic missiles, they recognize that North Korea's new, longer-range ballistic missiles present a new type of threat to the United States and Japan. The ROK thus shares U.S. goals with respect to DPRK nuclear weapons and ballistic missiles. The

South also has concerns, such as the reunion of families separated by the Korean War and implementation of the North-South Basic Agreement (including reactivation of North-South Joint Committees). The U.S. strongly supports these concerns.

President Kim Dae Jung's North Korea policy, known as the "engagement" policy, marked a fundamental shift toward the North. Under the Kim formulation, the ROK has forsworn any intent to undermine or absorb the North and has pursued increased official and unofficial North-South contact. The ROK supports the Agreed Framework and the ROK's role in KEDO, but the ROK National Assembly, like our Congress, is carefully scrutinizing DPRK behavior as it considers funding for KEDO.

Japan. Like the ROK, Japan's interests are not identical to those of the U.S., but they overlap strongly. The DPRK's August 1998 Taepo Dong missile launch over the Japanese islands abruptly increased the already high priority Japan attaches to the North Korea issue. The Japanese regard DPRK missile activities as a direct threat. In bilateral talks with Japan, the DPRK representatives exacerbate historic animosities by repeatedly referring to Japan's occupation of Korea earlier in this century. For these reasons, support for Japan's role in KEDO is at risk in the Diet. The government's ability to sustain the Agreed Framework in the face of further DPRK missile launches is not assured, even though a collapse of the Agreed Framework could lead to nuclear warheads on DPRK missiles, dramatically increasing the threat they pose. Japan also has deep-seated concerns, such as the fate of missing persons suspected of being abducted by the DPRK. The U.S. strongly supports these concerns.

China. China has a strong interest in peace and stability on the Korean Peninsula and is aware of the implications of increased tension on the peninsula. China also realizes that DPRK ballistic missiles are an important impetus to U.S. national missile defense and theater missile defenses, neither of which is desired by China. Finally, China realizes that DPRK nuclear weapons could provoke an arms race in the region and undermine the nonproliferation regime which Beijing, as a nuclear power, has an interest in preserving. For all these reasons the PRC concerns with North Korean nuclear weapons and ballistic missile programs are in many ways comparable to U.S. concerns. While China will not coordinate its policies with the U.S., ROK, and Japan, it is in China's interest to use its own channels of communication to discourage the DPRK from pursuing these programs.

The DPRK. Based on extensive consultation with the intelligence community and experts around the world, a review of recent DPRK conduct, and our discussions with North Korean leaders, the policy review team formed some views of this enigmatic country. But in many ways the unknowns continue to outweigh the knowns. Therefore, we want to emphasize here that no U.S. policy should be based solely on conjectures about the perceptions and future behavior of the DPRK.

Wrapped in an overriding sense of vulnerability, the DPRK regime has promoted an intense devotion to self-sufficiency, sovereignty, and self-defense as the touchstones for all rhetoric and policy. The DPRK views efforts by outsiders to promote democratic and market reforms in its country as an attempt to undermine the regime. It strongly controls foreign influence and contact, even when they offer relief from the regime's severe

economic problems. The DPRK appears to value improved relations with US, *especially* including relief from the extensive economic sanctions the U.S. has long imposed.

Key Findings

The policy review team made the following key findings, which have formed the basis for our recommendations:

1. DPRK acquisition of nuclear weapons and continued development, testing, deployment, and export of long-range missiles would undermine the relative stability of deterrence on the Korean Peninsula, a precondition for ending the Cold War and pursuing a lasting peace in the longer run. These activities by the DPRK also have serious regional and global consequences adverse to vital U.S. interests. The United States must, therefore, have as its objective ending these activities.
2. The United States and its allies would swiftly and surely win a second war on the Korean Peninsula, but the destruction of life and property would far surpass anything in recent American experience. The U.S. must pursue its objectives with respect to nuclear weapons and ballistic missiles in the DPRK without taking actions that would weaken deterrence or increase the probability of DPRK miscalculation.
3. If stability can be preserved through the cooperative ending of DPRK nuclear weapons- and long-range missile-related activities, the U.S. should be prepared to establish more normal diplomatic relations with the DPRK and join in the ROK's policy of engagement and peaceful coexistence.
4. Unfreezing Yongbyon is North Korea's quickest and surest path to acquisition of nuclear weapons. The Agreed Framework, therefore, should be preserved and implemented by the United States and its allies. With the Agreed Framework, the DPRK's ability to produce plutonium at Yongbyon is verifiably frozen. Without the Agreed Framework, however, it is estimated that the North could reprocess enough plutonium to produce a significant number of nuclear weapons per year. The Agreed Framework's limitations, such as the fact that it does not verifiably freeze all nuclear weapons-related activities and does not cover ballistic missiles, are best addressed by supplementing rather than replacing the Agreed Framework.
5. No U.S. policy toward the DPRK will succeed if the ROK and Japan do not actively support it and cooperate in its implementation. Securing such trilateral coordination should be possible, since the interests of the three parties, while not identical, overlap in significant and definable ways.
6. Considering the risks inherent in the situation and the isolation, suspicion, and negotiating style of the DPRK, a successful U.S. policy will require steadiness 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.

Alternative Policies Considered and Rejected

In the course of the review, the policy team received a great deal of valuable advice, including a variety of proposals for alternative strategies with respect to the security problems presented by the DPRK. The principal alternatives considered by the review team, and the team's reasons for rejecting them in favor of the recommended approach, are set forth below.

Status Quo. A number of policy experts outside the Administration counseled continuation of the approach the U.S. had taken to the DPRK over the past decade: strong deterrence through ready forces and solid alliances and limited engagement with the DPRK beyond existing negotiations on missiles, POW/MIA, and implementation of the nuclear-related provisions of the Agreed Framework. These experts counseled that with the Agreed Framework being verifiably implemented at Yongbyon, North Korea could be kept years away from obtaining additional fissile material for nuclear weapons. Without nuclear weapons, the DPRK's missile program could safely be addressed within the existing (albeit to date inconclusive) bilateral missile talks. Thus, as this argument ran, core U.S. security objectives were being pursued on a timetable appropriate to the development of the threat, and no change in U.S. policy was required.

While there are advantages to continuing the status quo -- since to this point it has served U.S. security interests -- the policy review team rejected the status quo. It was rejected not because it has been unacceptable from the point of view of U.S. security interests, but rather because the policy team feared it was not sustainable. Aside from a failure to address U.S. concerns directly, it is easy to imagine circumstances that would bring the status quo rapidly to a crisis. For example, a DPRK long-range missile launch, whether or not in the form of an attempt to place a satellite in orbit, would have an impact on political support for the Agreed Framework in the United States, Japan, and even in the ROK. In this circumstance, the DPRK could suspend its own compliance with the Agreed Framework, unfreezing Yongbyon and plunging the Peninsula into a nuclear crisis like that in 1994. Such a scenario illustrates the instability of the status quo. Thus, the U.S. may not be able to maintain the status quo, even if we wanted to.

Undermining the DPRK. Others recommend a policy of undermining the DPRK, seeking to hasten the demise of the regime of Kim Jong Il. The policy review team likewise studied this possibility carefully and, in the end, rejected it for several reasons. Given the strict controls on its society imposed by the North Korean regime and the apparent absence of any organized internal resistance to the regime, such a strategy would at best require a long time to realize, even assuming it could succeed. The timescale of this strategy is, therefore, inconsistent with the timescale on which the DPRK could proceed with nuclear weapons and ballistic missile programs. In addition, such a policy would risk destructive war and would not win the support of U.S. allies in the region upon whom success in deterring such a war would depend. Finally, a policy of pressure might harm the people of North Korea more than its government.

Reforming the DPRK. Many other analysts suggest that the United States should promote the accelerated political and economic reform of the DPRK along the lines of

established international practice, hastening the advent of democracy and market reform that will better the lot of the North's people and provide the basis for the DPRK's integration into the international community in a peaceful fashion. However much we might wish such an outcome, success of the policy clearly would require DPRK cooperation. But, the policy team believed that the North Korean regime would strongly resist such reform, viewing it as indistinguishable from a policy of undermining. A policy of reforming, like a policy of undermining, would also take time – more time than it would take the DPRK to proceed with its nuclear weapons and ballistic missile programs.

“Buying” our objectives. In its current circumstance of industrial and agricultural decline, the DPRK has on occasion indicated a willingness to “trade” addressing U.S. concerns about its nuclear weapons activities and ballistic missile exports for hard currency. For example, the DPRK offered to cease its missile exports if the U.S. agreed to compensate it for the foregone earnings from missile exports. The policy review team firmly believed that such a policy of trading material compensation for security would only encourage the DPRK to further blackmail, and would encourage proliferators worldwide to engage in similar blackmail. Such a strategy would not, and should not, be supported by the Congress, which controls the U.S. government's purse strings.

A Comprehensive and Integrated Approach: A Two-Path Strategy

A better alternative, and the one the review has recommended, is a two-path strategy focused on our priority concerns over the DPRK's nuclear weapons- and missile-related activities. We have devised this strategy in close consultation with the governments of the ROK and Japan, and it has their full support. Indeed, it is a joint strategy in which all three of our countries play coordinated and mutually reinforcing roles in pursuit of the same objectives. Both paths aim to protect our key security interests; the first path is clearly preferable for the United States and its allies and, we firmly believe, for the DPRK.

The first path involves a new, comprehensive and integrated approach to our negotiations with the DPRK. We would seek complete and verifiable assurances that the DPRK does not have a nuclear weapons program. We would also seek the complete and verifiable cessation of testing, production and deployment of missiles exceeding the parameters of the Missile Technology Control Regime, and the complete cessation of export sales of such missiles and the equipment and technology associated with them. By negotiating the complete cessation of the DPRK's destabilizing nuclear weapons and long-range missile programs, this path would lead to a stable security situation on the Korean Peninsula, creating the conditions for a more durable and lasting peace in the long run and ending the Cold War in East Asia.

On this path the United States and its allies would, in a step-by-step and reciprocal fashion, move to reduce pressures on the DPRK that it perceives as threatening. The reduction of perceived threat would in turn give the DPRK regime the confidence that it could coexist peacefully with us and its neighbors and pursue its own economic and social development. If the DPRK moved to eliminate its nuclear and long-range missile

threats, the United States would normalize relations with the DPRK, relax sanctions that have long constrained trade with the DPRK and take other positive steps that would provide opportunities for the DPRK.

If the DPRK were prepared to move down this path, the ROK and Japan have indicated that they would also be prepared, in coordinated but parallel tracks, to improve relations with the DPRK.

It is important that all sides make contributions to creating an environment conducive to success in such far-ranging talks. The most important step by the DPRK is to give assurances that it will refrain from further test firings of long-range missiles as we undertake negotiations on the first path. In the context of the DPRK suspending such tests, the review team recommended that the United States ease, in a reversible manner, Presidentially-mandated trade embargo measures against the DPRK. The ROK and Japan have also indicated a willingness to take positive steps in these circumstances.

When the review team, led by Dr. Perry as a Presidential Envoy, visited Pyongyang in May, the team had discussions with DPRK officials and listened to their views. We also discussed these initial steps that would create a favorable environment for conducting comprehensive and integrated negotiations. Based on talks between with Ambassador Charles Kartman and DPRK Vice Foreign Minister Kim Gye Gwan in early September, the U.S. understood and expected that the DPRK would suspend long-range missile testing -- to include both No Dong and Taepo Dong missiles -- for as long as U.S.-DPRK discussions to improve relations continued. The DPRK subsequently announced a unilateral suspension of such tests while talks between the two countries continued. Accordingly, the Administration has taken steps to ease sanctions. This fall a senior DPRK official will likely visit Washington to reciprocate the Perry visit and continue discussions on improving relations. Both sides have taken a bold and meaningful step along the first path. While it is only an initial step, and both sides can easily reverse this first step, we are hopeful that it begins to take us down the long but important path to reducing threat on the Korean Peninsula.

While the first path devised by the review holds great promise for U.S. security and for stability in East Asia, and while the initial steps taken in recent weeks give us great hope, the first path depends on the willingness of the DPRK to traverse it with us. The review team is hopeful it will agree to do so, but on the basis of discussions to date we cannot be sure the DPRK will. Prudence therefore dictated that we devise a second path, once again in consultation with our allies and with their full support. On the second path, we would need to act to contain the threat that we have been unable to eliminate through negotiation. By incorporating two paths, the strategy devised in the review avoids any dependence on conjectures regarding DPRK intentions or behavior and neither seeks, nor depends upon for its success, a transformation of the DPRK's internal system.

If North Korea rejects the first path, it will not be possible for the United States to pursue a new relationship with the DPRK. In that case, the United States and its allies would have to take other steps to assure their security and contain the threat. The U.S. and allied steps should seek to keep the Agreed Framework intact and avoid, if possible, direct conflict. But they would also have to take firm but measured steps to persuade the

DPRK that it should return to the first path and avoid destabilizing the security situation in the region.

Our recommended strategy does not immediately address a number of issues outside the scope of direct U.S.-DPRK negotiations, such as ROK family reunification, implementation of the North-South Basic Agreement (including reactivation of North-South Joint Committees) and Japanese kidnapping cases, as well as other key issues of concern, including drug trafficking. However, the policy review team believed that all of these issues should be, and would be, seriously addressed as relations between the DPRK and the U.S. improve.

Similarly, the review team believed the issue of chemical and biological weapons is best addressed multilaterally. Many recommendations have also been made with respect to Korean unification; but, ultimately, the question of unification is something for the Korean people to decide. Finally, the policy review team strongly believed that the U.S. must not withdraw any of its forces from Korea -- a withdrawal would not contribute to peace and stability, but rather undermine the strong deterrence currently in place.

Advantages of the Proposed Strategy

The proposed strategy has the following advantages:

1. Has the full support of our allies. No U.S. policy can be successful if it does not enjoy the support of our allies in the region. The overall approach builds upon the South's policy of engagement with North Korea, as the ROK leadership suggested to Dr. Perry directly and to the President. It also puts the U.S. effort to end the DPRK missile program on the same footing with U.S. efforts to end its nuclear weapons program, as the Government of Japan recommended.
2. Draws on U.S. negotiating strengths. Pursuant to the recommended approach, the United States will be offering the DPRK a comprehensive relaxation of political and economic pressures which the DPRK perceives as threatening to it and which are applied, in its view, principally by the United States. This approach complements the positive steps the ROK and Japan are prepared to take. On the other hand, the United States will not offer the DPRK tangible "rewards" for appropriate security behavior; doing so would both transgress principles that the United States values and open us up to further blackmail.
3. Leaves stable deterrence of war unchanged. No changes are recommended in our strong deterrent posture on the Korean Peninsula, and the U.S. should not put its force posture on the negotiating table. Deterrence is strong in both directions on the Korean Peninsula today. It is the North's nuclear weapons- and long-range missile-related activities that threaten stability. Likewise, the approach recommended by the review will not constrain U.S. Theater Missile Defense programs or the opportunities of the ROK and Japan to share in these programs; indeed, we explicitly recommended that no such linkage should be made.

4. Builds on the Agreed Framework. The approach recommended seeks more than the Agreed Framework provides. Specifically, under the recommended approach the U.S. will seek a total and verifiable end to all nuclear weapons-related activities in the DPRK, and the U.S. will be addressing the DPRK's long-range missile programs, which are not covered by the Agreed Framework. In addition, the U.S. will seek to traverse the broader path to peaceful relations foreseen by both the U.S. and the DPRK in the Agreed Framework, and incorporated in its text.

5. Aligns U.S. and allied near-term objectives with respect to the DPRK's nuclear and missile activities with our long-term objectives for lasting peace on the Korean Peninsula. The recommended approach focuses on the near-term dangers to stability posed by the DPRK's nuclear weapons- and missile-related activities, but it aims to create the conditions for lasting peace on the Korean Peninsula in the longer run, as the U.S. seeks through the Four Party Talks. As noted above, the recommended approach also seeks to realize the long-term objectives of the Agreed Framework, which are to move beyond cooperation in the nuclear field to broader, more normal U.S.-DPRK relations.

6. Does not depend on specific North Korean behavior or intent. The proposed strategy is flexible and avoids any dependence on conjectures or assumptions regarding DPRK intentions or behavior – benign or provocative. Again, it neither seeks, nor depends upon, either such intentions or a transformation of the DPRK's internal system for success. Appropriate contingencies are built into the recommended framework.

Key Policy Recommendations

In the context of the recommendations above, the review team offered the following five key policy recommendations:

1. Adopt a comprehensive and integrated approach to the DPRK's nuclear weapons- and ballistic missile-related programs, as recommended by the review team and supported by our allies in the region. Specifically, initiate negotiations with the DPRK based on the concept of mutually reducing threat; if the DPRK is not receptive, we will need to take appropriate measures to protect our security and those of our allies.

2. Create a strengthened mechanism within the U.S. Government for carrying out North Korea policy. Operating under the direction of the Principals Committee and Deputies Committee, a small, senior-level interagency North Korea working group should be maintained, chaired by a senior official of ambassadorial rank, located in the Department of State, to coordinate policy with respect to North Korea.

3. Continue the new mechanism established last March to ensure close coordination with the ROK and Japan. The Trilateral Coordination and Oversight Group (TCOG) -- established during this policy review and consisting of senior officials of the three governments -- is charged with managing policy toward the DPRK. This group should meet regularly to coordinate negotiating strategy and overall policy toward the DPRK and to prepare frequent consultations on this issue between the President and the

ROK President and Japanese Prime Minister. The U.S. delegation should be headed by the senior official coordinating North Korea policy.

4. Take steps to create a sustainable, bipartisan, long-term outlook toward the problem of North Korea. The President should explore with the majority and minority leaders of both houses of Congress ways for the Hill, on a bipartisan basis, to consult on this and future Administrations' policy toward the DPRK. Just as no policy toward the DPRK can succeed unless it is a combined strategy of the United States and its allies, the policy review team believes no strategy can be sustained over time without the input and support of Congress.

5. Approve a plan of action prepared for dealing with the contingency of DPRK provocations in the near term, including the launch of a long-range missile. The policy review team notes that its proposed responses to negative DPRK actions could have profound consequences for the Peninsula, the U.S. and our allies. These responses should make it clear to the DPRK that provocative actions carry a heavy penalty. Unless the DPRK's acts transgress provisions of the Agreed Framework, however, U.S. and allied actions should not themselves undermine the Agreed Framework. To do so would put the U.S. in the position of violating the Agreed Framework, opening the path for the DPRK to unfreeze Yongbyon and return us to the crisis of the summer of 1994.

Concluding Thoughts

The team's recommended approach is based on a realistic view of the DPRK, a hardheaded understanding of military realities and a firm determination to protect U.S. interests and those of our allies.

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. We therefore should prepare for provocative contingencies but stay the policy course with measured actions pursuant to the overall framework recommended. The North needs to understand that there are certain forms of provocative behavior that represent a direct threat to the U.S. and its allies and that we will respond appropriately.

In this regard, it is with mixed feelings that we recognize certain provocative behavior of the DPRK may force the U.S. to reevaluate current aid levels.

Finally, and to close this review, we need to point out that a confluence of events this past year has opened what we strongly feel is a unique window of opportunity for the U.S. with respect to North Korea. There is a clear and common understanding among Seoul, Tokyo, and Washington on how to deal with Pyongyang. The PRC's strategic goals -- especially on the issue of North Korean nuclear weapons and related missile delivery systems -- overlap with those of the U.S. Pyongyang appears committed to the Agreed Framework and for the time being is convinced of the value of improving relations with the U.S. However, there are always pressures on these positive elements. Underlying tensions and suspicions have led to intermittent armed clashes and incidents and affect

the political environment. Efforts to establish the diplomatic momentum necessary to withstand decades of hostility become increasingly difficult and eventually stall. Nevertheless, the year 1999 may represent, historically, one of our best opportunities to deal with key U.S. security concerns on the Korean Peninsula for some time to come.