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## Interview With the Wall Street Journal Editorial Board

### Secretary Condoleezza Rice

New York, New York

June 8, 2007

**QUESTION:** So this is on the record and -- please, do you want to start?

**SECRETARY RICE:** I do.

**QUESTION:** All right. I wonder if you'd talk a little bit about Iran and particularly what the strategy of the Administration is regarding both the nuclear program and the internal dynamics inside Iran. Because at least from our vantage point, it does seem that you're sending mixed signals, seeking a negotiation -- seeking negotiation efforts on the one hand and sending ships to send a signal and then Vice President Cheney out on the other hand, negotiating over Iraq and a day later, they take hostages and you have to issue a tough statement.

What is the strategy?

**SECRETARY RICE:** Well, the -- first is to recognize that Iran is a concerned force, strategic concern on multiple levels and on -- for multiple parts of our policy. But let me speak first to the question of, is this coherent or are you talking about mixed signals. I used to teach these courses and we called it course of diplomacy or diplomacy back up with a set of disincentives for bad behavior.

And I'm often struck that there's a sense that you can't both have interaction -- let me not call it negotiation, because we're not negotiating about Iraq. We are having a set of discussions about Iraq and about the inconsistency in Iran's policies with what they say their stated goals are on Iraq. And we're having those in part because the Iraqis themselves would like to see the development of the framework in which their neighbors are more helpful to them than harmful. And you have to understand it in that context, just understand the Neighbors Conference in that context too.

At the same time, we have, on the nuclear side, two paths that Iran can follow. They can choose to negotiate, suspend

their program, and there are a number of benefits to doing that. And on the other hand, we can continue down the path of Chapter 7 resolutions in the Security Council. I'll say a bit more about that. And all of this has to be seen in a context of saying to the Iranians something that perhaps several months ago, I think they had tended to forget, which is, we will defend our interest and those of our allies in the Gulf.

And so I see it as quite coherent and whenever you -- unless you are determined that there is no other way out but conflict with a power, I think you want to always have a route out, a route that would be a non-conflict way to resolve your differences, but at the same time, putting that on the table only in the context of some demonstration of strength or willingness to use more than persuasion to -- whether it's sanctions or a demonstration of U.S. will through what we're doing in the Persian Gulf; so quite coherent from my point of view. I have been party to all of those decisions and have never seen them in conflict. And let me say right now, for the record, the notion that somehow, therefore, there are those in the Administration who believe in putting carriers in the Gulf and those in the Administration who believe in sitting down with the Iranians across the table -- we actually believe in doing both.

As long as those discussions are limited to very specific subjects -- and I want to draw another distinction here. There is a lot of talk about grand bargains out there and I don't see either of these discussions as trying to lead to a grand bargain, because that assumes, I think, a level of potential common interest with Iran that I don't see, given the nature of the Iranian regime, given the nature of Iranian policies, and the way that Iran is carrying out its interests. But might you find some areas of cooperation despite the overall rather zero-sum nature of our relationship? I think so.

**QUESTION:** When the President was here about four months ago, he said that he didn't see the opportunity right now to talk with Iran because he said we don't -- there's nothing that they want that we can give them -- what they want, we can't give them. What has changed in the last four, five months that Iran would sit down, we're going to have discussions?

**SECRETARY RICE:** Well, again, on a very limited basis. You know, we were always willing to sit down with them on the nuclear issue if certain conditions were met. That's been on the table for more than a year now and those conditions haven't yet been met, so we haven't sat down with them, and that's the one that has the more -- the broader framework -- potential for a broader framework.

But on the Iraqi side, I do think the fact that we have gone after some of their disruptive operatives, the fact that we did send a signal both to them and to our allies in the Gulf that we'll defend our interest in kind of classic ways with the carrier strike groups, I think the fact that we reinforced our forces in Iraq when a lot of people thought we wouldn't do it, and the fact that we are kind of borrowing from the other side, got the Chapter 7 resolution when the Iranians clearly thought the Russians were going to prevent that did put us in a stronger position for Ryan to sit down and have these rather more limited discussions, because then you're saying to Iran there's a cost for policies that are leading to destabilization of Iraq and endangering our soldiers. And that was the message that we probably -- that I think we had to establish first, that there was a cost to that before you were going to get anywhere even -- and I'm not sure we will, but if you were going to get anywhere by talking about Iraq, you had to send that message first.

**QUESTION:** Where does the nuclear discussion now go? Where do you see that going?

**SECRETARY RICE:** Javier Solana, I think, would tell you that the talks were civil but not fruitful, the way that I would characterize them.

**QUESTION:** Civil but not fruitful?

**SECRETARY RICE:** Yeah.

**QUESTION:** So nobody threw anything?

**SECRETARY RICE:** Nobody threw anything. (Laughter.) No, I think they have a -- he and Larijani have a pretty professional relationship. I suspect we're headed back to the Security Council. I don't see anything that suggests we're not. I think the choice that is out there is, are we going to continue down the road of strengthening the categories of sanctions that we've already adopted or are we going to start to open new categories. And that's a choice.

It's not a choice that, frankly, I'm prepared to make or talk to until we've had some consultations, because there are two things that have really helped us in the Security Council resolutions. One is the Chapter 7. Secondly, they've been unanimous. And you may -- there may come a time when the character of what's in the resolution is more important than the unanimity, but I think it's something that we just have to keep assessing. Because what we're getting right now is pretty significant collateral effects from the Chapter 7 resolution that private entities making investment and -- or making decisions considering investment and reputational risk based on the fact that Iran is in a Chapter 7 status.

And I think there's more that we can do with that outside of the Council. By its very nature, the Council is going to move more slowly and it is going to be -- the resolutions are probably going to be less robust than the United States would have if we were doing them alone, by the very nature of the Security Council. So while pursuing that path, we are always -- also continuing to pursue the collateral effects of having a Chapter 7 resolution as well as the collateral effects of what we do in sanctioning Iranian entities, which then makes it difficult for financial institutions to deal with the --

**QUESTION:** Can you tell us about the status of the Helms-Burton legislation and --

**SECRETARY RICE:** Cuba, the Cuban legislation?

**QUESTION:** No, the Iran-Libya Sanctions Act of 1996 --

**SECRETARY RICE:** Oh, ILSA -- the ILSA Act?

**QUESTION:** Iran version of Helms-Burton.

**SECRETARY RICE:** Yeah, the Iran version. You mean tertiary sanctions?

**QUESTION:** Yeah.

**SECRETARY RICE:** Look, its there as a tool. We haven't had to really do much with it because to this point, people are making what I would consider wise and well-considered decisions about dealing with a country under Chapter 7. Now when we sanction one of their banks, banks stay away from those accounts in droves. You just don't have people trying to -- well, SEPA got actually sanctioned under Chapter 7, but even a bank like Saderat that we sanctioned

unilaterally, you're really confronting people with a choice between their Iranian business and their American business and you know where they're going to go.

**QUESTION:** Are we confronting enough people with that choice?

**SECRETARY RICE:** I think there is more that we can do and one of the things that I think we're going to want to consider with some of our allies, particularly as I think we need to accelerate some of the pressure if this negotiated trend doesn't go anywhere, we should be looking to what the EU could do more and others. And you know, the EU did a set of sanctions outside of the Chapter 7. I think we ought to look at what more could be done there.

**QUESTION:** A couple years ago, unfortunately, the NIE was leaked that gave Iran a sort of 10-year window before it -- you know, developed nuclear arms. Now they have -- they're approaching 3,000 centrifuges and we have 8,000 and the window is suddenly looking a lot nearer. Does that change your calculation in the way you're conducting diplomacy? Because you know, right now, we're on a track where every three months, every six months, some new set of sanctions is imposed. But the window is much smaller before we're at the stage where the Iranians are given a position to develop these weapons. How does that change your thinking?

**SECRETARY RICE:** Well, let me come back to the window. But in terms of the rhythm of the Security Council, it's why I think we don't want to be dependent simply on what goes on inside the Security Council. You want to use the umbrella of what's going on in the Security Council to persuade people to make different kinds of choices about what they're doing with Iran. It's why you're seeing -- you know, nothing in the Security Council resolution says that German export credits to Iran had to drop 40 percent, but they did. Nothing said that four or five major banks had to pull out of Iran, but they did.

And so we can probably and I'm sure that there are measures to strengthen and accelerate those kinds of efforts because I think the Security Council, I've come to learn, has a kind of -- you can only push it so fast and so far. It just doesn't work very quickly, except when the North Koreans test a nuclear weapon, then it worked very quickly, but even that took a week. So it isn't something that we're going to be able to accelerate I think that much in the Council and work toward unanimity. But there's an awful lot that you can do outside the Council.

Now, as to the window, that's why I found EBaradei's comments frankly disturbing because in fact you don't want to confront people with the choice between using military force or let them have a nuclear weapon. And I actually don't happen to think that's where we are. And I thought that the notion that you have to give up on suspension because they have might have run one successful experiment and maybe they did -- and maybe they don't, I don't know -- just doesn't really give a full picture of how -- what it takes to move from the ability to enrich and reprocess all the way out to the ability to create nuclear material and crate nuclear material that is enriched enough to actually build a bomb.

And so the suspension option still makes sense because it's an engineering problem to run these centrifuges, run them long enough, run them fast enough, introduce material in a systematic way. And so you can still deny them the ability to know how to do that, even if they've done one little piece of it one time. And so -- or even if they've increased the number of centrifuges. So the suspension option still makes sense. And you know that we've talked to the IAEA about not trying to determine the course of the diplomacy, but to remain an organization that reports on what's actually going on in Iran. So I don't really know how to assess how far along they are. My general view of this is do it -- assume that you have to work with a sense of urgency and -- because you're going to get all kinds of assessments about how far along they are.

**QUESTION:** What is your assessment currently of conditions inside Iran? I ask because, as you said earlier, we're doing things that impose costs and it can either be a severe cost or a cost they would say, no big deal -- we can get by absorbing this and they seem to have been willing to do that up to now. But what are the internal political conditions there that you think or economic?

**SECRETARY RICE:** I think it's a very opaque place and it's a political system I don't understand very well. There seem to be, you know, all these different countries of power that compete and argue actually pretty openly in their own media, criticism of each other. And yet, you have a supreme leader who I assume is the final decision-making authority, but nobody actually receives him, so that's -- it's a very complicated system to understand.

And I'll just say one thing, one of the downsides of not having been in Iran in -- for 27 years as a government is that we don't really have people who know Iran inside our own system. You know, it matters if you served in Moscow. It matters if you served in, you know, Venezuela. And not having had really the last generation of Foreign Service officers who served in Iran are now retired. So that's a problem for us and we've tried to improve our capability to understand the system a little bit by putting a kind of group in Dubai and a little bit the successor to the Riga station that looked at Moscow before we had diplomatic relations. We don't have Farsi speakers any longer in the service. I mean, we really are not well positioned. We're --

**QUESTION:** (Inaudible) end up for long on secondary sources.

**SECRETARY RICE:** Yeah. And on people who are there and it's a problem. Now, one thing that we do have is we have a lot of people who go back and forth, Iran is not North Korea; people do go back and forth. But I just say that because when I say to you it's a very opaque system, it's hard to understand. We're also operating from something of a disadvantage in that we don't really have very good veracity or a feel for the place.

The one thing that I do think is happening is that the increasing international isolation and the disastrous policies of Ahmadi-Nejad in the economy are having an effect. I was reading some of the stories about the refining capacity, which is essentially non-existent, and you know, they decided at the time that they could have had a refinery. They decided not to do it. And now people don't really want to build refineries there because of investment risk. And as a result, they're having to now ration gasoline and that I think will start to have an effect, but I can't tell you exactly when.

**QUESTION:** The arrests of the American -- Iranian Americans, do you have -- I mean, you've stated your opposition to that. But what do you think they were trying to (inaudible) up to with that, occurring so soon after you've had the discussions? And I mean, what are we prepared to do about it?

**SECRETARY RICE:** Well, I think it started before. And it's entirely possible that it's unrelated to the course of what we're doing there. I don't want to speculate because I think these people are -- I don't want to make conditions worse for them. They clearly weren't doing anything. They are innocent people. Some of them were just there visiting family. Is it about tensions in Iran itself, I don't know. Is it supposed to be a message to us, I don't know. But whatever it is, it needs to stop and they're not doing themselves any good by dealing with these people in this way. It's getting -- it's gotten international condemnation and just, you know, makes it somewhat easier frankly to make the case that this is not a normal regime with which you can just do normal business.

You have to go back a couple of years to the way Iran was actually viewed in the international system, not by us where for 27 years, it's been viewed as a regime on the outlaw side of international politics. But this was a country for which Japan was the largest trading partner; Italy was the second-largest trading partner, diplomatic relations across the board. When Khatami was in power, people believing that there was some possibility of Iran bargain there. Iranians traveling back and forth, being received in capitals. I mean, it was operating much as a normal regime. It's now under a couple Chapter 7 resolutions. The travel advisories against some of their people. It has because of the way that it behaved also with the British, has soured relations with the British. I think that you would find that they have poisonous relations with any number of states now and you have Ahmadi-Nejad running around the world, talking about having punched the button for the destruction of Israel. They're not -- this is not a respected -- to the degree it ever was and I think one could argue that except for us, it was sort of being treated as a quasi-normal state. That has eroded for them in international politics where Russia was a strong partner, Bushehr was well under way to now that they have a fuel dispute about Bushehr. And a lot has turned against Iran in recent years. And when they do things like they do with taking these Americans or when they took the British sailors, it really reinforces that this is a state that is an outlaw state. And the more that becomes the view of Iran, I think the easier it's going to be to impress upon people that this is not a good place to do business and not a good place to have relationships.

**QUESTION:** Do you -- I mean, you hear a lot of talk in foreign policy circles that if Iran does acquire a nuclear weapon, well, we'll contain it just the way we contained other possible nuclear powers. Do you accept that analysis and do you still take the view that it's absolutely unacceptable for Iran to have a nuclear weapon under any condition?

**SECRETARY RICE:** I absolutely think that it would be a mistake to start trying to accommodate the notion of an Iranian nuclear weapon. Not only is it bad to think about a nuclear -- forget weapon, latent technology for nuclear weapons in the hand of what is clearly an irresponsible state sponsor of terror that has a really irresponsible President who says things that if he believes them -- if he doesn't believe them, then he's cynical. And -- but stirring up trouble in the region. And if he does believe them, he's really scared.

**QUESTION:** Do you think he believes them?

**SECRETARY RICE:** I have no idea. I've never met the man, haven't talked to him. I just take him at face value, you know, take him at his word. And that is not a state that you can even conceive of having that kind of technology. What is more, the effect on the region of Iran with a nuclear weapon. I can assure you that it will set off in the region everybody else trying to secure themselves by acquiring the same. And so it doesn't mean that you don't do things that, for instance, plan against their ballistic missile threat. You know, the Russians have made this argument to us, well, there isn't an Iranian long-range nuclear threat -- missile threat yet. And others say, well, if you put in missile defenses, that must mean you think you're going to face an Iranian nuclear weapon. And my view is you plan for any emerging capability, but it doesn't mean that you accept that you can allow it to happen.

**QUESTION:** Speaking of Russia, could you talk about Putin's comments earlier this week? I'm wondering if your read is that is this really about missile defense or is this more about Russian domestic politics?

**SECRETARY RICE:** Interesting question. I don't think it's about missile defense, per se. I think it's a part of a pattern of a rather loud assertion of the fact that Russia will defend its interests and define its interests as it wishes to define them and in contradistinction from the '90s when Russia didn't do that. I think that's the kind of overall, overarching element in this. But -- and it has several elements: the (inaudible) the caucuses, the -- Central Asia and so on and so on. And that

may or may not have something to do with the coming succession in domestic politics as well. But I think that's what you're really seeing is we didn't assert our -- we, Russia, did not assert our interests in the '90s and now we're going to assert those interests and we're going to assert them in a very robust way. Now, to the degree that it is about missile defense which, by the way, they have always hated. So to be fair to them, it's not as if they just woke up yesterday and said missile defense was a problem. I think we have to do a couple of things. The first is to make very clear that our missile defenses are not against Russians -- the Russian nuclear deterrent. Anybody should be able to see that, but perhaps we need to continue to demonstrate that in showing them what we're doing.

But secondly, that we would like to have a cooperative arrangement with Russia on missile defense because we think they face the same threats as we do. And so, even though I haven't myself done the geography and the geometry on Azerbaijan, why not take a look at what makes sense? But there has to be a very clear view, too, that we're going to continue to work this with Poland and the Czech Republic. That's not going to stop while we discuss this with the Russians. We're going to continue to work it in NATO. This is a high priority for American security and for the security of our allies and, therefore, discussing cooperation and working on it doesn't mean that you are going to get off course on what you're trying to do.

**QUESTION:** Is this how members of the G-8 (inaudible)? I mean, do they still belong in this group of democracies? (Laughter.)

**SECRETARY RICE:** But they're there, okay. And I have never -- I've really never understood what would be gained by deciding that you're not going to invite them to the next meeting. Because ultimately, I think we're better off with them in contact with institutions that represent the values that we'd like them to adopt than isolating them from the institutions that represent the values that we'd like them to adopt. Because perhaps associating them with those institutions will not lead to the adoption of those values in Russia, but I can pretty well assure you that isolating them from them surely will not lead to the adoption of those values.

So it seems to me, you know, continue to work with them in the G-8. They bring some important assets to the G-8. For instance, to the degree that the G-8 has become a place that you need to talk about global problems, it is hard to imagine a discussion of Iran or Northeast Asia or the Middle East without the involvement of Russia, not to mention Kosovo or Security Council issues. I know that by any economic count, they don't make the G-8 cut. But by any count of the world's industrialized state that have to deal with major security and political issues then having them there is useful.

**QUESTION:** So should we have a G-9 with China now?

**SECRETARY RICE:** I think the G-8's probably big enough, but at some point China's economic power is going to have to be accommodated by the G-7. I don't know how they will do that and it probably is a decision that'll be taken after us. But what's happening really with the G-8 is it's beginning to morph, so that you have the G-8 and they meet. But then the G-5 show up, which -- you know, Brazil, China, the kind of big emerging states come, and then you have the kind of big emerging developing states that also come. So it's finding ways to accommodate the rise of these other powers. I think it's been a long time since China wasn't in or around the G-8.

**QUESTION:** Did the murder of Litvinenko shock you and did it change your perceptions about Putin's Russia?

**SECRETARY RICE:** No. Look, I think that the reaction to the British request for cooperation is not one that has surprised me. It surprised me a little bit that they put --

**QUESTION:** Lugovoi.

**SECRETARY RICE:** Yeah, Lugovoi on television to blame the British. That was -- that surprised me a little bit. But Russia, it would seem to me, would have a lot riding on demonstrating that they are as cooperative as possible with this investigation. And I hope they do it because there's quite a cloud there right now, quite a cloud.

**QUESTION:** Can you talk a little bit about your trip to Panama?

**SECRETARY RICE:** Yeah, it was great and I was really glad that I went to the OAS because I think the OAS has come a long way already. And I actually think that Jose Miguel has done a pretty good job on a lot of things, on Haiti and a number of issues he's done a very good job. I thought it was especially important in light of RCTV to go to Panama to the OAS and to give voice to what I think a lot of people around that table were -- wanted to say, but for a variety of reasons it's harder for them to say. I thought it was important, if the Inter-American Democratic Charter is going to mean anything, then a situation like RCTV then Article 18 of that charter which calls for the Secretary General to look into disruptions of democracy in member states, if you're not going to evoke it then, I don't know when you'd evoke it. And even if the Venezuelans said no, I think it was important to evoke it.

And I was not -- I thought I was actually very restrained in my initial comments about Venezuela in my remarks. But then when the Venezuelan representative decided to make this an opportunity to question whether or not our policies on Guantanamo and immigration and human rights were like those of Nazi Germany, I thought it was important to respond again to that. And I reminded him that, while none of what he was saying was true, was this an issue of American policy, but that he could hear and Americans could hear on CNN, ABC, CBS, any news channel, criticisms, debate, even unfounded criticism of Administration policy any given night. And that that was the assurance that Americans had and that Americans knew that their government couldn't shut down those stations for saying those things. And that that was the issue because the Venezuelan Government had shut down a TV station for saying those things.

I think it has had a deleterious effect on the Chavez government, both inside Venezuela and across the world, because you can't ignore this one. You know, I was in Spain and this got people's attention. It got people's attention in the European parliament. And I just thought it was extremely important to go and do that. But the OAS was about energy and it was also nice to go talk about our biofuels agreement with Brazil and so forth, but this was a time to --

**QUESTION:** Can I just follow up on that?

**SECRETARY RICE:** Yeah.

**QUESTION:** Isn't the OAS supposed to, you know, all the voices around the table, not just yours, supposed to say something about this, the way that there were complaints against Alejandro Toledo when he had for a third term for or you know, if we had another 1988 plebiscite deciding whether Pinochet should stay in power. You know, we had the same rules that we used for the 2004 referendum in Venezuela. But those countries would have said something, but now they don't and it's entirely the U.S.'s responsibility. I don't see how you can say the OAS is working.



**SECRETARY RICE:** Well, it wasn't entirely our responsibility and Insulza said something at the time that it happened, not at the conference -- not at the General Assembly, but he talked about his concerns several days before we got there and there were others who spoke. And -- but look, Chavez is someone who tries to intimidate smaller states. And I think some of them have been quite brave in speaking out about him. He's cost several of allies elections and, unfortunately, he's ruining a very fine country in Venezuela. But he can't intimidate the United States in any fashion. And so I don't mind giving voice to what was being said. And the Venezuelan representative -- you know, everybody recognized what he was doing and I don't think it served him very well with this case.

**QUESTION:** Is the U.S. doing enough you think for refugees or people who come out of Iraq?

**SECRETARY RICE:** I think we're doing better but we've got to do more. We have increased our own ceiling. As you might imagine, there are issues of security and so forth and we have to be cognizant about those. Mike Chernoff and I are working together to see if we can process people more quickly. One of the problems has been processing people. It's been very slow. We're trying to -- and I've asked people to be more aggressive about people who may be in danger because of their work with us. I think that's our first priority is to worry about people like.

We also are trying to improve coordination and help for the states that have been taking these people and, frankly, here Jordan and Syria have been pretty -- their situations have been really -- well, they're facing a real outflow of these people and it's putting a lot of strain on their systems. And so getting the UN to actually help and treat these people as a refugee population is extremely important. Probably the population that's most worrisome right now is the Palestinian population that -- as a population -- 45,000 or so Palestinians that are sort of caught in no-man's land and trying to deal with them. So I have actually been spending a good deal of time on this; probably gotten a lot of help out Congress. But the people that I'm most worried about in the near term are the people who've worked for and with us who might be subject to recrimination and reprisal. And we're trying to step up our efforts on their behalf.

**QUESTION:** I've heard that there are several hundred State Department employees in Baghdad who, according to my sources, mostly stay inside the Green Zone. Is that true and is it a sensible use of our resources to have that many people doing apparently that little?

**SECRETARY RICE:** Well, the Embassy is inside the Green Zone. And I don't know if -- have you been to Baghdad?

**QUESTION:** No.

**SECRETARY RICE:** The Green Zone's really big and there are a lot of -- there is a lot inside the Green Zone, including a lot of Iraqi ministries, the Iraqi leadership and so forth. So when you say stay inside the Green Zone, you have to realize that people move around inside the Green Zone to do a lot of things.

We also have people who, when their work requires, that go into the Red Zone. And we have people who are well beyond both the Green and the Red Zone serving in places like Anbar and Diyala and pretty tough places. They are civilians and they have to be protected and we are increasingly in real tough places like Anbar we're embedded with the military, with the combat brigade teams so that we can draw protection from the military rather than from having a whole separate security architecture. But you just have to realize that it's pretty dangerous. And if you are an unarmed civilian, I have an obligation to try to provide protection for those people.

So they do move around. They do move around. They move around inside the Green Zone. Some people, if their work requires it, like the Finance Minister, for instance, who's not in the Green Zone, move around outside the Green Zone. And some people actually are deployed in other parts of the country.

**QUESTION:** Can you talk a little bit about North Korea? It's been two and half months since the deadline passed. What happens next?

**SECRETARY RICE:** Actually, the deadline was April 13<sup>th</sup>.

**QUESTION:** Okay, so -- all right, two months.

**QUESTION:** Two months.

**SECRETARY RICE:** Almost.

**QUESTION:** Six weeks.

**QUESTION:** Almost two months.

**SECRETARY RICE:** All right. Look, I think that the North Koreans, and every few days they send us word that they intend to fulfill their obligations as soon as the BDA situation is resolved. I think they will. You know, I'm certainly out there with everybody calling on them to shut down the reactor and to invite the IAEA in. But I will tell you that the resolution of BDA has been more complicated on a technical -- on technical grounds than any of us would have thought in terms of dealing with accounts and banks and the like. It's not been easy to get it resolved.

When we -- we expect, though, that as it's being resolved in the resolution, the North Koreans need to follow through. Now, when I first made this announcement, I said to people, you know, using a football metaphor, that this was the first quarter, not the fourth. And this is probably going to be hard at every stage. But the agreement that we have, the February 13<sup>th</sup> agreement, which is an agreement not between the United States and North Korea but an agreement between all parties and which backloads the benefits to the North Koreans, I think, is a good agreement.

The North Koreans have not received anything now while they're waiting, except some humanitarian assistance from South Korea, which I'm perfectly happy. I don't want to see the North Korean people starve because there's a political issue. But the oil -- the fuel oil supplies, the large humanitarian assistance that's worthy of -- worth about \$300 million, and not a penny of that has gone to the North Koreans while we're in this period. And so that to me shows that this agreement is structured in the right way, which means that when they deliver, the six -- the five parties deliver.

The difference, frankly, in the agreed framework is that over ten years, we delivered fuel oil every year to the North Koreans, whether they performed or not because it was frontloaded. The structure was frontloaded and there was a light-water reactor being built -- which never fully got built but it was to be built. There's not such a thing in place -- as an energy supply by non-nuclear means to the North Koreans. And there are a set of steps that they take -- we take, but

the benefits for them are at the end of this initial actions, not at the beginning of it. And I think this latest -- the fact that we've run into some delays here shows that we structured it in the right way.

And, by the way, nobody's broken it. The South Koreans have been rock solid in not making those deliveries while this gets resolved.

**QUESTION:** Is there a time limit on your patience?

**SECRETARY RICE:** It's important to remember that even while all this is going on, 1718 is in place. We're continuing to work with people on, you know, a detection architecture for goods. We're -- people would continue to be sanctioned if they're trading in goods that are prohibited. So the sanctions regime is in place anyway. And the only question would be what more would you want to do if the --

**QUESTION:** Are the Chinese -- are the Chinese enforcing that?

**SECRETARY RICE:** The Chinese are enforcing. Now --

**QUESTION:** Have they stopped any shipments?

**SECRETARY RICE:** No. There was a question about -- kind of on the high seas: Did you want to interdict shipments and the like? And nobody would have the capability to do that as a regular matter in any case. We think the more promising area really is to look at detection architecture at the -- at ports and the like. I think they've done a pretty good job. I don't -- I wouldn't say that their enforcement has been perfect. This is an intelligence-driven business and sometimes we've been able to give people good information and sometimes we haven't. But I think on balance people are enforcing 1718 because they knew when they signed on to it that they were going to have to enforce it. But my point is, 1718 is in place. It's not as if you've rolled that back in expectation about the initial actions.

**QUESTION:** But it sounds like they have some new (inaudible) -- the North Koreans have some new - (inaudible).

**SECRETARY RICE:** Because the BDA thing has been complicated to resolve, I think people have been prepared to be more patient.

**QUESTION:** The complication of the BDA isn't the \$25 million but their access to world financial --

**SECRETARY RICE:** The complication is --

**QUESTION:** -- system.

**SECRETARY RICE:** -- actually getting the \$25 million transferred to a place that they could use it. That's the complication.

**QUESTION:** I see.

**SECRETARY RICE:** Yeah.

**QUESTION:** So nobody wants to deliver it to them, no bank, because they don't want to be -- under the sanctions?

**SECRETARY RICE:** It --

**QUESTION:** Can't we cut them a check at this time period?

**SECRETARY RICE:** (Laughter.) Believe me, Paul --

**QUESTION:** George Soros might.

**SECRETARY RICE:** Let me just put it this way. Once one of these -- once you are -- your accounts are called out this way in the international financial system, the international financial system is not readily available. And even --

**QUESTION:** Not good.

**SECRETARY RICE:** Even -- I know -- it's actually --

**QUESTION:** Like your credit rating. (Laughter.)

**SECRETARY RICE:** It's actually a bit of a lesson to the Iranians, you know, once you're in this loop, it's not easy. But we agreed to try to resolve the BDA issue as a part of the initial actions, and now we're trying to get there. I think we may be getting close, although I've said that several times before, but there ought to be a solution. And then we -- what we've not wanted to do is to have the initial actions break down because of us. It really has to be on the North Koreans to carry through because keeping, again, the six-party -- the five parties together is also a very important goal.

**QUESTION:** And are you going to insist that -- Yongbyon obviously is a part of this and they'll probably allow you to come in -- us to comment and inspect it, but are they going to have to produce the plutonium they have? Are they going to have to produce the crude weapons or the different -- whatever apparatus they've created and allow us to see those, and the sites where they are working on that?

**SECRETARY RICE:** There are several stages. I think the next stage would probably be disablement of their nuclear facilities; in other words, that they put in reverse because the first stage is simply to stop. Then I think you want to disable those. There will have to be an accounting for anything that has been reprocessed or stored. There will have to be an accounting for anything that has been put in state for weaponization.

Yeah, all of that has to be done -- that's what's meant by denuclearization -- and it has to be done verifiably. But there are several stages to this. The first, I think we understand pretty well what's going to happen to the first two stages and we -- the point is that in the second stage, that disablement stage, you start working on the program for the actual dismantlement -- declaration and dismantlement of the whole nuclear program. And that was in the -- that was already in the September 2005 agreement.

**QUESTION:** They come to you with -- saying, sorry, no plutonium --

**SECRETARY RICE:** I don't think that would be credible.

**QUESTION:** How far or close is the situation in Darfur progressing?

**SECRETARY RICE:** Not good. It's not good for a couple of reasons. One is that there are hundreds of thousands of people that nobody can get to with humanitarian assistance. There continue to be attacks on the camps. There continue to be difficulties with the African Union forces to be robust enough and mobile enough to actually move around the country and make an effort to stop violence. The rebels are both disorganized among themselves and, you know, contributing to the problem. But the biggest problem is the government is not prepared to live up to the obligations that it undertook in Addis Ababa.

Now, Kofi Annan signed that agreement with him. It looked like everything was on board. It fell apart. Now, Ban Ki-Moon says that he thinks his diplomacy is starting to have an effect. But, you know, we'll see. We're moving right along in trying to structure a Security Council resolution. We've already put some unilateral sanctions on, but --

**QUESTION:** Would you say it's working within that framework?

**SECRETARY RICE:** Oh, I would not rule out other steps that we might take. I mean, we've already taken unilateral sanction steps.

**QUESTION:** How about a no-fly zone?

**SECRETARY RICE:** Look, we're trying to determine how one might work. I think it's important to look at it. And it's just -- you know, it's not self-evident how you would do it, but I think we ought to be examining how it would work.

**QUESTION:** I just had a quick comment.

**SECRETARY RICE:** Uh-huh.

**QUESTION:** How do you feel about what happened with Wolfowitz at the World Bank, because we wrote quite a bit about that, but --

**SECRETARY RICE:** Yeah.

**QUESTION:** A tad. (Laughter.)

**SECRETARY RICE:** Yeah, a little bit.

**QUESTION:** We had a raw deal and I thought we were understated myself. (Laughter). How --

**SECRETARY RICE:** I think Paul did a good job at the World Bank, I really do. And I think he had the right focus and he was trying to modernize the Bank and modernize -- and by modernize, I mean, you know, in terms of what the Bank was actually caring about and doing. I mean, there's a reason that a lot of his support came from Africa because it was a program that, I think, would have really helped the Africans.

I don't think there's any doubt that he broke a lot of china in trying to do it because whenever you're trying to deal with a kind of, you know, bureaucracy that hasn't changed very much, that's going to happen and I think it's unfortunate that it came to what it did. I don't think it really did cover the bank very well in --

**QUESTION:** Did it reveal an institutional problem now, or was it (inaudible) breaking china?

**SECRETARY RICE:** No, no, no. When I said -- look, I break china all the time, all right, so that's not -- to me, that's a compliment when you say that you go into a bureaucracy and you have to break the china. I -- that's a compliment. I do think that there were forces of resistance there that were very hard to deal with and that were going to come to the fore. Paul said he, you know, he made a lot of mistakes that he wishes he hadn't made. But I think it's extremely unfortunate, and I don't think it was good for the Bank, the way that it came out. But I think it's done now and I think Paul was basically the final outcome of this was that people had to say what needed to be said, which was that Paul had tried to act in good faith, even if he'd made some mistakes. And Bob Zoellick will go there, and the bank needs reform.

**QUESTION:** Do you think you could've played the diplomacy a bit better if you had come out earlier with a stronger statement, if Secretary Paulson hadn't said let's let this process play itself out, that there might've been a different result because to us, it seemed like the process was a kangaroo court by angry bureaucrats who had grudges against Wolfowitz and were going to try to get their man, whatever the cost.

**SECRETARY RICE:** I didn't think that trying to do this from the foreign policy side in a high-profile confrontational way was going to actually help the situation. I really didn't. I really thought that the making the case to people privately and in a more -- in a way that allowed me to talk about what I thought Paul had brought to the bank and to acknowledge that there were -- that Paul said he had problems and he was prepared to fix it, but that was better. You have to remember that this is, in fact, the purview of finance ministries and not foreign ministries and in most countries that doesn't get bridged very easily.

But I think that the -- a more -- you know, we did make a public -- but I'm just saying I today told the ex-foreign minister that in a public way I just didn't think was going to help.

**QUESTION:** In today's *Wall Street Journal* there's an article by Fouad Ajami making the analogy that -- basically saying that the President's reluctance to pardon Scooter Libby is akin to leaving a wounded soldier on the battlefield. What do you think of that analogy?

**SECRETARY RICE:** Look, I'm not going to get involved in trying to give the President advice on how he ought to think about this. You know, he has to think about what he wants to do.

**QUESTION:** What's your own opinion?

**SECRETARY RICE:** You know that --

**QUESTION:** You think he should go to jail? (Laughter.)

**SECRETARY RICE:** Look, let me tell you what I think about Scooter Libby. I think he's served the country really well. I think he did it to the best of his ability. I think that he is going through an extremely difficult time with his family and for him. And you know, I'm just desperately sorry that it's happening to him and I -- you know, the legal system has spoken, but I tell you, this is a really good guy who is a good public servant and ought to be treated in accordance with that.

**QUESTION:** If I could to ask you about Iraq. There seems to be a disconnect building between the requirements on the ground of the surge and what the time that Odierno and Petraeus need to accomplish their mission and they say they need, and the urgency of the democratic political process here at home where few Republicans are saying September is some kind of deadline to announce-not very long.

Are we headed towards a kind of bipartisan consensus, pull back from the surge in September, in your view, no matter how things are going in Iraq just because of the political dynamics here at home?

**SECRETARY RICE:** I'm concerned about it because I think that the -- there is a future out there that is a different mission for American forces than they are currently involved in. There is no doubt in my mind that there is a future out there where it's principally training Iraqi forces, where it is, you know, securing the territorial integrity of the country, where it is fighting with allies like we now have in Anbar -- al-Qaeda. There is a future.

But the reason the President ordered the surge and the reason it's got to have -- it's got to succeed and have time to succeed is that what was being torn apart after the February '06 events, especially for the three or four months after the February '06 events, was the kind of social fabric of the country. Because what had been a kind of latent political sectarianism, at the urging of al-Qaeda, and at the rather diabolical but I have to say quite effective attack on the Samarra mosque, became violent sectarianism as the extremes used that excuse to stoke sectarianism.

And what the surge is trying to do is to give the Iraqi Government time to recover from that and to put in place a reconciliation, a kind of de jure reconciliation that says to all Iraqis this is going to be an Iraq that is for you. And I sincerely hope that people understand that we have to provide that space for Iraqis to do that so that we are then in a position of doing what, frankly, I thought we were going to be doing at the end of '05. I really thought that we were at the end of '05 moving to a place where they -- their forces were taking over more and more security territory, they'd had the elections, they were forming a government, the institutions were coming into place. Yes, there was violence and there were insurgents and, you know, there was the occasional car bomb, but it was not -- it wasn't tearing at the fabric of a united Iraq in the way that the post February '06 did. And we've got to get them back to that place, and then I think the kind of model that some people talk about makes some sense.

Can we sustain it? I -- you know, we just have to get out there and battle to sustain it.

**QUESTION:** You mean politically?

**SECRETARY RICE:** Politically. Yes, politically. Because I know that people are anxious about -- oh, and by the way, I think the Iraqis have to be a little bit quicker at getting some of their reconciliation done, too. This isn't all us. But I'm not one who says, well, if they fail, they fail, because I just don't see that as a logical argument for the United States of America when it has very strong interests there.

And under any other circumstances we would not think it at all odd that a government that's been in power only a little more than a year and that is trying to do something that is unheard of in the Middle East, which is to resolve differences through democratic processes not by violence or repression, that is a country that's drawn on the fault lines of Sunni and Shia, that is having to resolve existential issues like how is the oil revenue going to be divided, how are you going to deal with Baathism, how are you going to deal with Sunnis who didn't vote that need to be brought in -- these are really hard issues. You know, our mature democracy can't deal with existential issues very well these days, and yet everybody says the Iraqis aren't doing their job to do this. Well, I'm among those who are pressing them and pressing them and pressing them, but I also understand how hard it is.

Now, I think that we -- there is sometimes a perception, or maybe we haven't explained it very well, that we have to stay in this posture until they "reconcile." I think that's a mistaken way to think about this. We have to give them space to get de jure reconciliation in place. That means laws. The normative reconciliation is going to take a while. I've been using an example, and if you'll pardon a kind of imperfect analogy. I lived in Birmingham when race mixing was prohibited by law two days before the Public Accommodations Act passed in 1964 and when race mixing was legal two days after the Public Accommodations Act.

Now, do you really think that people's attitudes had changed between two days before and two days after? Of course not. But the laws had changed and people started to accommodate to them. And people knew that they couldn't keep black people out of their hotels and their restaurants, and they knew that, you know, when my parents and I walked into the restaurant that they sort of had to live with it. And nobody particularly liked it, but now 40 years later you go back to Birmingham and nobody much thinks about it anymore either. And maybe there are even still some irreconcilables who don't like it very much, but it was the law and it started to condition how people related to one another and it started to condition what was acceptable behavior and what wasn't acceptable behavior.

And so when I talk about reconciliation with the Iraqis, I mean the first part of that: get the laws in place where Iraqis can see the outlines of how they're going to have to relate to one another in these new political structures. And if we can give them the room to do that, I think you will bring enough people into the tent that the extremes will get more and more isolated.

The one -- and I would say that I think where the surge is succeeding is in the most egregious elements of the violent sectarianism that we saw over last summer and last fall.

**QUESTION:** On the Shia side?

**SECRETARY RICE:** On -- yeah, where you were starting -- when you had death -- well, some Sunni death squads, too. But death squads going into communities, lining up the men, shooting the men, sending the women into exile. That's where all those bodies were turning up. Where people suspected that it was the security forces that were behind a lot of it and where Iraqis lost faith that their government would and could actually protect them.



I think we're getting through what we're doing with the Iraqi forces that people now are beginning to return to those communities so they begin to believe that people will protect them. We've got to get to the can protect them. The one real, to me, problem here, one real outlier, is what al-Qaeda and their ilk are doing with these suicide bombs. Because we're making progress, I think, on that level of sectarianism I was just talking about, but every time you have a bomb go off at a Shia mosque or in a Shia neighborhood or in a Sunni neighborhood, it rekindles that sectarian hatred. And so it's an uphill climb. It's an uphill battle.

But you know, I just -- I know that there are all these reports now -- well, but you know that this might happen or that might happen. I can remember sitting in our meetings before the invasion and saying, and particularly Don Rumsfeld -- you know, people worrying about revenge, that after all those years of the suppression of Shia and Kurds, particularly Shia, there might be revenge taken out. And then we were really rather surprised not to see it. And even in the first few months after the Samarra mosque, we were sort of surprised that people didn't.

Well, it has emerged. But it's emerged by extremists and bad guys doing it. It's not as if -- and sometimes when people say civil war it drives me a little bit crazy because, you know, it's not like Iraqi Shia and Sunnis are running down the streets killing each other because they're Sunnis and Shias. These are organized gangs and death squads, and that's a civil order problem. And we're helping them deal with a civil order problem.

I think part of the problem for the American people is that's kind of uncomfortable. And as Dave Petraeus has said, it's very dangerous -- helping them deal with a civil order problem. But if we can give them the space by helping them deal with the civil order problem to get this de jure reconciliation in place, then I think you can see the transition to the kind of posture that a lot of people talk about as acceptable for American policy. But we can't just get over where we are and go there now.

**QUESTION:** Has the President talked to the Prime Minister of Turkey or have you talked to your counterpart about --

**SECRETARY RICE:** I talked to my counterpart not -- several days ago. And General Ralston is doing his work. I think the Turks understand that it would not be a good thing to have a significant problem on that border. That problem has been a problem a long time, well before liberation. Incursions go along -- have gone along from time to time, but this one's more acute. I think it's in a kind of acute phase right now.

But I would also note that, you know, when they -- when the AP story came out that they had invaded, they were right immediately on saying, no, no, no, that's not what's happening. So I think there's some room to work. But it's part of a larger mosaic, which is that we've got to embed the internal Iraqi reconciliation process in a regional understanding about what Iraq's neighbors are and are not going to do inside the country. Because if they see themselves -- the neighbors see their interests as served by a stable and strong Iraq, and democratic, because remember a stable and strong undemocratic Iraq was a regional threat.

If they see that a stable and democratic and strong Iraq could be a regional stabilizing force, they will not be inclined to meddle in Iraq's internal affairs. And that's why the neighbors conference, that's why even the conversations with Iran, are important from the point of view of the Iraqis. It's to try to set some rules of the road about what their neighbors can and cannot do through an international mechanism that helps the Iraqis keep control of their own affairs.

**QUESTION:** Thank you.

**SECRETARY RICE:** Thank you.

**QUESTION:** Great.

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