



## Interview With Al Hunt, Janine Zacharia and Matt Winkler of Bloomberg News

**Secretary Condoleezza Rice**

Washington, DC  
May 26, 2005

(9:00 a.m. EDT)

**MR. HUNT:** I just returned from China, Madame Secretary, and we would like to know, what is the single most important achievement this year for the U.S. and China, in your opinion? What will it be?

**SECRETARY RICE:** Well, I would say that we have really strengthened the relationship on a number of fronts so it's in the overall relationship that I think we've seen the relationship strengthened. And they have a new president who has since consolidated his power with the final retirement of Jiang Zemin from a number of different military commissions and so the President and Hu Jintao established a very good relationship. But we have maintained our coordination and cooperation on the nuclear issue of North Korea. It hasn't been resolved yet, but to have a situation in which the United States and China have continued commitment to a non-nuclear Korean Peninsula and trying to do this with diplomatic means, I think is quite an achievement given all the pressures from that issue particularly for the Chinese, who live next to the North Koreans.

I think we have strengthened our cooperation in the counterterrorism field quite a lot and we've developed a relationship which we can talk pretty honestly and bluntly just about anything. So that's how I would see it.

**MR. HUNT:** So six months from now, if you could point to one thing that you think would be the most significant for this year --

**SECRETARY RICE:** I don't tend -- you know, I don't tend to think of the relationship in that way. I'm a believer that you build relationships along multiple fronts. Particularly when you're dealing with big, complicated places like China or Russia or India, you're building along multiple fronts and there will be puts and takes in the relationship. I think there is no doubt in anyone's mind that we have some rocky seas on the economic front. We've wanted the Chinese to do more on intellectual property rights than they have thus far been able to do. The currency issue is sitting there.

At the same time, we've had very good cooperation with the Chinese on a number of Security Council issues where I think you might not have expected us to be able to do that; for instance, on the Sudan where the Chinese, for a long time, resisted having a sanctions resolution against the Sudanese.

So I tend to look at the health of the relationship six months from now and say, "Is this a relationship that is providing benefit in the sense that we can work together on the many complicated problems before us?" And that's how I tend to think of it instead of a single issue that's going well or badly because in a relationship that's that complicated you're going to have a range of issues.

**MR. HUNT:** There are reports that the Deputy Secretary of State is going to make a trip soon to Beijing. Is their purpose, is their prime purpose of those multiple issues that he's going to be dealing with now, is that principally economic? Is it --

**SECRETARY RICE:** No, it won't be principally anything. When I went, I spent probably 30-40 percent of my time on economic issues and the rest on other kinds of issues.

**MR. HUNT:** And that will be the same with this trip?

**SECRETARY RICE:** And I think it will probably be the same with this trip. Bob is -- you know, he's a former Trade Representative so probably by instinct, nature and interest he may spend a little bit more time on the Joint Economic Committee issues, but he is doing the Global Strategic Dialogue with the Chinese and it truly means Global Strategic Dialogue.

China is a rising factor in international politics. It's a new factor in international politics. And that can be for good or for bad and the goal of the United States has to be to try and make that for good because it is going to be a factor. There is no doubt about that. Our policies are designed to try and make sure that it's a positive factor.

**MR. HUNT:** You mentioned earlier North Korea and you've said before that China has been helpful in the six-party talks. But China has also made clear that they would like the United States to engage in more substantive bilateral talks. Why don't we?

**SECRETARY RICE:** Because we've been down that road before and signed an agreement with the North Koreans in 1994, which practically before the ink was dry they started to violate by finding an alternative route to a nuclear weapon.

Because when the United States is engaged in bilateral talks with the North Koreans outside the context of a multilateral framework, the North Koreans can cherry-pick and try and make it about the United States and North Korea -- and it's not. It's not about the United States and North Korea. This is about what the neighborhood is going to be like and is there going to be a North Korea that is nuclear on the Korean Peninsula, and what does that mean for the security interests of Japan and South Korea and China and Russia and the United States.

And I think the real achievement of the six-party talks, even though it has obviously not resolved the North Korean problem, is that it has made clear that a non -- that a nuclear North Korea is not a problem for the United States alone, it is a problem for all of North Korea's neighbors as well. And we simply have to keep that framework. Now, we do talk to them. We have a New York channel that we use for communication, not for negotiation. We talk to them within the context of the six-party talks. It's not that we are somehow afraid to directly talk to them, but it's a question of what is the structure of those conversations, and if the structure of those conversations is about bilateral relations between the United States and North Korea, we don't have that much to say.

**MR. HUNT:** Yet they have steadily acquired a greater nuclear capacity over the last five years and they've seemed to have paid a minimal price for that. Why is there any reason to think they won't continue?

**SECRETARY RICE:** I'm not sure they've paid a minimal price. They've certainly paid a lot of opportunity costs. If you look back to 1999, 2000, 2001, they were talking about expanded relations with Russia. There was a visit between Putin and Kim Jong-il. If you look at the subsequent years, there was talk about the normalization of relations with Japan. The South Korean-North Korean dialogue was sprinting ahead and we were in the process in 2002 of presenting what we called "a bold approach" to North Korea that I think you could associate with something more like the Libya approach, where you had a pathway to better relations with the United States and more

normal relations with the entire region.

And while, yes, people are willing to give them fertilizer or trying to deal with their oil needs or trying to deal with new food concerns or to try to deal with the smaller issues, I think these large-scale improvements in relations with their neighbors and therefore with the international community have been off the table because people don't want a nuclear-armed North Korea. So the opportunity costs to this regime have been pretty great, particularly if you take them at their word that they do believe that they need to improve their economic situation and that they do need help in reforming their economy.

**MR. HUNT:** Trade and economics have been two components in the U.S.-Japan relationship. With the U.S. automakers on the ropes and the Japanese automakers, by contrast, selling more automobiles in the U.S. or making more automobiles here, is that an issue that you should be involved in?

**SECRETARY RICE:** Well, I consider our foreign policy to have a strong economic component. I have never understood the argument that we have foreign policy considerations and we have economic policy considerations and they're somehow separable, which is why the point is that the relationship with China, for instance, is in its totality.

Similarly, the relationship with Japan. Now, the goal, I think, of American international policy has to be to make sure that our partners are playing by the rules of the international economy. That means that there's a level playing field, that people are not taking advantage of a subsidy or dumping or all of the various ways to create unfair trade advantage.

And the President has been, across the board, very intent on enforcing the rules of the international economy. The WTO is helpful in that regard. And -- but the President has made very clear, too, that the other way to make certain that the United States is competitive on that level playing field is to make the United States the best place to do business, lower regulation, dealing with the business of our society, making certain that our workers are well-trained, that there is an environment here in which business can prosper. And so those two halves, I think, are -- that's where the federal government, both in its economic policies and its foreign policies, can improve the prospects for American business to be competitive. That's the role.

**MS. ZACHARIA:** With that goal in mind, shifting a bit to India, where relations seem to have improved, there seems to be a growing dependence of their country on outsourcing of U.S. services there and has that -- that seems to have benefited India, for sure. But what's the benefit for the United States?

**SECRETARY RICE:** Well, again, when this issue came up several months ago, I think that the answer that rings truest is that in order for the United States to be competitive and to make certain that jobs are here, you have to have an environment in which this is the very best place to do business. And that's what I think the President and his economic advisors spend a lot of time doing. And the President has talked about dealing not just with our near-term problems, but with our long-term liabilities, like Social Security, which depressed the capacity for the United States to be over the long term the very best place to do business. Tort reform and all of the things that they're pursuing.

But India is a rising economic influence of power in the international system. It's a great multiethnic democracy. I think it's a natural friend for the United States. The Indians are emerging from a philosophy of heavy statist involvement in the economy. They are emerging similarly from policies that were -- that were not aligned, but had a strong -- I won't call it anti-America, but tended to juxtaposed India to the United States in most of its policies -- and instead, I think, emerging as a potentially very stabilizing and positive force in international politics, which is why we're spending a lot of time on that relationship. We're spending a lot of time on South Asia.

And if you could imagine a circumstance in which what was once called the "Arc of Crisis" is instead an Afghanistan that is democratic and has a strong defense relationship with the United States, as the President -- and a strong strategic relationship with the United States, as the President and President Karzai just announced when he was here this week. A Pakistan that is democratizing and doing that in a way that roots out extremism because I think you have to say that Pakistan was very far along the road of extremism and Musharraf has made a strategic choice to turn that around.

And then in India, which is democratic, multiethnic, reforming in terms of the economy, entering the world economy in a major way, and that the United States can retain good and -- good relations with all of those and deepening relations with all of those, it's a very good strategic position for the United States in terms of security, in the fight against terrorism, as well as when you look to the West, what it means for the Middle East, and when you look to the East, what it means for East Asia more broadly.

So India is a very key relationship here and we're spending a lot of time on it. When I went out there, we talked about a stronger economic relationship, stronger energy cooperation, stronger defense cooperation and becoming a reliable partner for India as it makes its move as a global power. And we used the words that we're fully willing and ready to assist in that growth of India's global power and the implications of that, which we see as largely positive.

**MS. ZACHARIA:** I want to shift to Iran. The EU-3 talks yesterday and Mr. Rowhani. They seem to want a temporary pledge again, kicking the can down the road, to all of this. How concerned are you about sort of these minor steps, sort of giving Iran actually more time to cheat to pursue its program?

**SECRETARY RICE:** Well, the Iranians are in a state of suspension right now, which is a good thing. They are also under the spotlight of the international community, which is a good thing. The United States and our European colleagues have the closest possible coordination on what is being done there and what is going on there. And I think that what the EU-3 did in holding to the Paris agreement, of holding to the insistence on a suspension, on holding to objective guarantees as the outcome, which we believe has got to be a permanent cessation of the sensitive activities associated with the nuclear fuel cycle, is a very positive development.

And the Iranians, some months ago, I think, believed that they had a split between the United States and Europe. When I first went to Europe just after becoming Secretary, I was really quite surprised at the intensity of feeling that the United States was not somehow supportive of the negotiations, that we were saying we were, but that we were standing on the sidelines. And I think we intensified our cooperation with the Europeans. We made some moves in terms of WTO application, WTO accession for Iran and spare parts and therefore reunited the Europeans and ourselves, and to a certain extent the Russians, who have handled Bushehr in a way that reduces proliferation concerns. And I think now the Iranians realize that they would be quite isolated if they, in fact, walked out of those talks.

**MS. ZACHARIA:** Will the United States go beyond the spare parts and the WTO pledge? The Europeans are urging the U.S., I understand, to put -- to give something else, perhaps.

**SECRETARY RICE:** I'm in touch with the Europeans practically every day on this and nobody is urging us to do anything more than we've done. Not on the level that matters.

**MR. HUNT:** Can I just interrupt for a second? I want to go back to one question. You said India is a growing global power and that is largely positive.

**SECRETARY RICE:** Yes.

**MR. HUNT:** China is also a growing global power. Is that also largely positive?

**SECRETARY RICE:** It could be.

**MR. HUNT:** Is it?

**SECRETARY RICE:** The advantage in India is its democracy. And it is a quite remarkable democracy. Think of over a billion people and that kind of multi-ethnicity of that place, the multi-religiosity of that place, and that it repeatedly manages to have democratic elections, had a peaceful change of parliament. It's a remarkable story. And because our view is that democracies tend to be stabilizing in their activities and behaviors, obviously it's a good thing that India is a democracy.

Now, China is in transition in terms of its domestic systems. And we will continue to make clear that the democratization, the human rights issues, the religious freedom issues, the transparency and openness in politics -- these are issues concerning China. It's also the case that China is a big and growing and, you know, economic influence. In fact, that goes without saying. If it is big and growing economic influence outside the rules of the international economy, that's going to be a huge problem. And that's why everybody backed WTO accession for China so that it could be within a rules-based system. And now the goal has to be make sure that China, whether you're talking about agricultural policy or financial services access -- or access for financial services or you're talking about IPR protection or the currency, that an economy that big has simply got to be within the rules of the international economy or it will be disruptive to the international economy.

**MS. ZACHARIA:** You met with President Abbas for dinner last night and you're going (inaudible).

**SECRETARY RICE:** That's right.

**MS. ZACHARIA:** Shortly. And he's writing in the *Wall Street Journal* this morning and talking about the needs of the President to support Palestinian statehood now. The administration is saying withdraw first. What is it that you're looking for specifically that the U.S. can provide on this trip?

**SECRETARY RICE:** Well, we had a very good talk last night and he's doing something very difficult. First of all, we think that this is a very different Palestinian leadership than the one that we didn't deal with before. It's somebody who has made a commitment to finding a peaceful resolution of the conflict with Israel. And we want to be supportive of that. We want to be supportive with -- as part of the international economic assistance, we want to be supportive through the Ward mission and restructuring of the security forces. We have worked with the Quartet, with Jim Wolfensohn, who is going to try to work on the Gaza disengagement, make sure that that goes well.

The President has made clear that his long-term goal, or his goal, is the establishment of a democratic Palestinian state that is contiguous and viable and all of those things. The roadmap is a reliable guide to getting there and the reason that we concentrate on the Gaza disengagement -- and, by the way, the Palestinians understand they need to concentrate on that -- is that if it is successful, the Gaza disengagement, then you will have accelerated the -- you would have reinforced the confidence between the parties that this can be done, that they can work together, and you will have accelerated then the progress on the roadmap.

Now, what we mean by success in disengagement, we mean that there is obviously a smooth path for the Israelis to leave, which is going to be a complicated -- by any stretch of the imagination -- complicated operation. But also that when the Israelis do leave, the Palestinians have developed institutions and practices on the security side and on the government side that allow them to govern not just in the Gaza but, again, to establish the foundations for a state. It's also the case that if the economic reconstruction of the Gaza can take place, the Palestinian people will begin to see something worthwhile out of all this.

So that's why we concentrate on the Gaza. You know, the Middle East has been a place where people are very focused on what's out there and have a lot of discussions on what is going to be the -- what are going to be the borders and what will happen to right of return, what about Jerusalem -- and miss the opportunities right in front of you. And so what we're saying this time is don't miss the opportunity that's right in front of you.

**MR. HUNT:** He called on you in that piece this morning to pressure Sharon more. Is that --

**SECRETARY RICE:** Well, I'm spending a good deal of time saying to both parties it's time for you to do the maximum that is possible, not the minimum, because we haven't had an opportunity like this in many years and we may not have another opportunity like this for a lot more years.

So one of the discussions, conversations that I always have with the Israelis and when I talk to the Palestinians on the other side is why don't we worry about what you need to do. Instead of Israel worrying about what the Palestinians need to do and the Palestinians worrying about what the Israelis need to do, how about if the Palestinians worry about what they need to do and the Israelis worry about what they need to do? And if everybody makes a maximum effort, we are going to actually achieve something.

**MS. ZACHARIA:** Do we have time for one more?

**MR. BOUCHER:** One or two more.

**MS. ZACHARIA:** Can you talk about the FBI documents this morning with revelations that there actually had been desecration of the Koran?

**SECRETARY RICE:** As I understand it, there are -- there were -- this was alleged and the FBI is looking into it. I don't know more than that.

But I want to say something about the treatment and the treatment of the Muslim religion in Guantanamo. I can't speak to cases here or there. Obviously, if anything happened, they'll be investigated and people would be punished for it. But there has been -- people have gone to extraordinary lengths to make sure that the detainees are able to practice their religious faith. This is a country that respects religious faith, religious differences. This is a country in which Muslims are growing in numbers and practicing their faith every day, all over this country, in towns big and small.

At Guantanamo, they made prayer mats available to the people. They did arrows pointing toward Mecca so people knew which direction to pray. They had instructions for how to handle the Koran sensitively. And that story needs to be told, too.

I was asked in Germany, during the Abu Ghraib events, how can you say that, you know, you're a democracy that observes human rights when something like Abu Ghraib happens? And I said to people, democracy doesn't mean bad things won't happen. They do. Bad things happen. But people are held accountable for them. Democracies are transparent about those problems. And the case here has been one in which a country that is known for respecting the Islamic faith, because Muslims flock here to practice their faith freely, that somehow that never gets expressed, when, yes, there are problems here or problems there.

I mean, I will not doubt that there have been problems. I don't know the exact nature of them. But the United States of America is a place in which people -- first of all, which people founded because they wanted to worship freely and which now people worship freely across the board in just about any religious tradition that you can imagine.

**MR. HUNT:** Madame Secretary, we wouldn't be Bloomberg if we didn't ask you one question about oil before we go. The Saudis have promised that they will increase production into 2009, I think it is, which is terribly helpful over the long run.

**SECRETARY RICE:** Yes, right.

**MR. HUNT:** There's a huge clamor, as you know, in this country about rising gasoline prices. That doesn't do anything initially on it. Is there anything that Saudi Arabia or any of the other oil producers can do to help us in the short run?

**SECRETARY RICE:** Well, you know, they have announced from time to time that they're going to try to go to as close to capacity as they can. But we haven't licked the problem, we have a long-term problem. And, you know, it's a problem that the President tried to address with an energy -- a comprehensive energy policy some years ago now -- when he first came in, one of the first policies that he put in place was a comprehensive energy policy legislation on the Hill that didn't get passed -- because

we do need to diversify our sources of energy. We need to take advantage of our own American-based possibilities in places like ANWR. We need to -- we've obviously had measures that deal with technology. The President was a big supporter of, you know, of cars that are not going to be dependent on hydrocarbons to run.

And so what is needed here is a comprehensive policy. Now, I would think that it is helpful that the Saudis have made clear that they'll do whatever they can to exploit what reserves are there and that's a good commitment. But in the long run, this isn't going to be resolved by just looking for more hydrocarbons. You know, nuclear energy has to be looked at. And if you look at the growing --

**MR. HUNT:** But nothing in the short term that anybody can do, really?

**SECRETARY RICE:** Well, you know, sometimes -- I remember the President saying to me when we launched the energy policy, you know, we have to get started because there is going to be a crunch and if you have a world economy that is growing, and particularly growing with big, new entrants like China and India and others -- everywhere I go, people talk about their energy needs and they're all trying to find some way to deal with their energy needs. So this is a structural issue and you can't really deal with structural issues in a short-term way.

**MR. HUNT:** You got back from Iraq just a week ago, that secret trip, which I gather was a great trip.

**SECRETARY RICE:** Yeah, it was a great trip.

**MR. HUNT:** Did it make you feel that it's realistic to believe we can bring home a significant number of troops next year?

**SECRETARY RICE:** Well, look, I don't know about how many troops we'll bring home when. The goal -- the President has said very often, you know, we don't have an exit strategy, we have a success strategy. And we --

**MR. HUNT:** Is (inaudible) always talking about bringing home a fair number of troops --

**SECRETARY RICE:** The military has to plan for different contingencies, but this is all based on what's happening on the ground and it's especially based on how the Iraqis are doing. And I know that there have been questions about how well the Iraqis are doing, but they are certainly doing it a lot better. They have been involved in a lot of joint operations with us recently. They protected the elections pretty much on their own. I mean, General Casey said that he didn't have a single case where the Polish forces had to intervene.

What Iraq really convinced me of -- because I had never been to Baghdad -- I had been with the President on the Thanksgiving trip, but I had never been into Baghdad. It's a remarkable city and this is going to be a great country. It's got a lot of challenges, but, you know, the political process is moving forward and they are coming to terms with the difficulties and the splits that have been there in that society. And the way that you defeat an insurgency is politically, not just militarily. And so as Iraqis see their interests as represented in the political process, the insurgency will lose steam.

Now, a few people can do a lot of very violent things and they obviously are at a kind of peak in their violence at this point, the willingness to kill innocent Iraqis to make a point. But you do see Iraqis more and more turning to the political process. And what happened with the Sunnis was a big step, because I think the Sunnis now acknowledge that they made a mistake in not fully engaging in the political process. Some of that was not their fault; you know, a lot of intimidation, areas where voting was difficult. But to the degree that they, by choice, did not engage in the vote, I think they realized they made a mistake. They're now organizing themselves to be more involved in the constitution and be more involved next time. That's a very good sign.

**MR. HUNT:** Okay, thank you.

**SECRETARY RICE:** Thank you.  
**2005/558**

Released on May 26, 2005

 [BACK TO TOP](#)

Published by the U.S. Department of State Website at <http://www.state.gov> maintained by the Bureau of Public Affairs.