



Recent Developments in U.S.-Democratic People's Republic of Korea (D.P.R.K.) Relations

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Thank you, Mr. Chairman, for this timely opportunity to update the Committee on recent developments on U.S. policy with respect to the Democratic People's Republic of Korea (D.P.R.K.). My prepared remarks today will focus on the strong and unanimous response of the United Nations Security Council on July 15 to North Korea's missile launches and to the North's ongoing nuclear weapons programs, U.S. enforcement action against North Korea's illicit activities, and what we are doing to ease the plight of North Koreans in and out of North Korea.

The UN Security Council Resolution

The 15 members of United Nations Security Council took swift action to pass unanimously on July 15 a strong and binding resolution in response to the D.P.R.K.'s launches just ten days earlier of a barrage of ballistic missiles, including a failed launch, which could have been a long range missile or an attempted satellite launch.

UN Security Council Resolution 1695:

- Condemns the multiple launches by the D.P.R.K. of ballistic missiles;
- Demands the D.P.R.K. suspend all activity on its ballistic missile program and return to its missile-launch moratorium; and
- Requires all member states, in accordance with their national legal authorities and consistent with international law, to prevent missile and missile-related items, materials goods and technology from being transferred to D.P.R.K. missile or WMD programs; the procurement of such items from D.P.R.K.; and, the transfer of any financial resources in relation to the D.P.R.K.'s missile or WMD programs.

In passing Resolution 1695, the UN Security Council stated it was acting under its special responsibility for maintenance of international peace and security. That is a reference to the Council's unique authorities under Chapter VII of the UN Charter, to take steps necessary for peace and security, which provides the authority for the Council to adopt binding resolutions. The D.P.R.K. must now comply with the terms of the resolution.

The Administration is looking at moving forward with a number of additional economic, counterproliferation, and diplomatic measures in response to the launch. I hope soon to be able to share details with you.

We will continue to step up our efforts under the Proliferation Security Initiative to stop the movement of goods and materials related to Weapons of Mass Destruction.

The Resolution stressed the importance of implementation of the Joint Statement adopted September 19, 2005, by all six parties. Resolution 1695 welcomed efforts by Council members and other states to facilitate a peaceful and comprehensive solution through dialogue, which the U.S., Japan, South Korea, China and Russia are pursuing through the Six-Party Talks. It strongly urged the D.P.R.K. to return immediately to the Six-Party Talks without precondition.

Resolution 1695 is the first UN Security Council resolution on the D.P.R.K. since 1993. Its unanimous adoption reflects the gravity with which the world views the D.P.R.K.'s missile and nuclear programs, as well as the determination of the Council to speak with one voice in condemning them.

In contrast, following the D.P.R.K.'s launch of a long-range missile in 1998, the UNSC a month later issued a presidential press statement, which simply expressed its concern over the launch and noted harm to the fishing and shipping activities in the region. Following the D.P.R.K.'s launch of a Nodong missile in 1993, there was no response from the international community.

The UNSC response this time was fast, strong and unanimous. It unambiguously reflects the common will of the international community to confront the D.P.R.K. on its nuclear and missile programs.

Resolution 1695 offers the D.P.R.K. a clear choice of two paths. One will bring the D.P.R.K. under increasing international pressure and further economic and political isolation from the community of nations. The other offers a peaceful and diplomatic solution that will benefit all parties: from North Korea, the elimination of all of its nuclear weapons and existing nuclear programs; from the other parties, energy and economic cooperation, security provisions, and steps toward normalization subject to bilateral policies.

We have in place the right approach with the right partners to give the D.P.R.K. the basis to choose the path we believe is firmly in its interest, the path to a better future for the North Korean people and to a new relationship with the United States and the entire international community. We are working with those partners now to schedule a meeting of the Six-Party Talks as soon as possible.

Illicit Activities

North Korea has engaged in illicit activities for decades. The D.P.R.K. calls U.S. law enforcement and financial regulatory measures "sanctions" and asserts they are blocking progress in the Six-Party Talks. The United States will continue to take law enforcement actions to protect our currency and our citizens from illicit activities. The measures we have taken are targeted at specific behavior. Contrary to North Korean assertions, these actions are not related to the Six-Party Talks.

We had offered at the last round of Talks in November 2005 to explain to the D.P.R.K. about the regulatory actions to protect the U.S. financial system from abuse, but it did not respond to our offer until February 2006. On March 7 in New York, a Treasury-led interagency team met with D.P.R.K. officials.

The team described the reasons for the September 2005 designation by the United States of a bank in Macau, Banco Delta Asia (BDA), under Section 311 of the Patriot Act as a financial institution of "primary money laundering concern." The team discussed our ongoing efforts with authorities in Macau to resolve the issues that led to that designation.

As stated in the Notice of Finding published in the Federal Register on September 20, 2005, BDA had been providing financial services for many years, with little oversight or control, to a number of North Korean entities engaged in illicit activities, including drug trafficking, smuggling counterfeit tobacco products and distributing counterfeit U.S. currency.

Our designation of BDA -- which warns our financial institutions about doing business with the bank -- is producing encouraging results. Macau has adopted new anti-money laundering legislation and compelled the bank to institute more effective internal controls. U.S. law enforcement and regulatory agencies are working with Macanese authorities to resolve the concerns that led to the designation.

U.S. regulatory and law enforcement measures to protect our financial system from abuse are not subject to negotiation. We will continue to guard our financial system in accordance with U.S. law.

The September 19, 2005, Joint Statement of the six parties contemplates, in the context of D.P.R.K. denuclearization, discussions on a broad range of issues, including trade and investment cooperation and steps toward normalization.

The North Korean accounts frozen by the Macao Monetary Authority total roughly \$24 million. The D.P.R.K.'s use of the Macanese action as a pretext not to return to the Talks -- where benefits would dwarf what we're talking about with BDA -- raises questions about how serious the D.P.R.K. is at this point about its commitment to implement the September 19 Joint Statement and its willingness to denuclearize.

Refugees

The U.S. is deeply concerned over the grave humanitarian and human rights situation that exists within North Korea and over the plight of North Korean refugees who have fled the country.

In concert with other countries and international organizations, we seek to promote human rights in the D.P.R.K.. Additionally, we seek to improve protection and assistance for refugees from the D.P.R.K. and are mindful of the important role of the ROK in this regard.

We have been working with other governments and organizations to find ways to respond to cases of individual North Korean asylum seekers.

We have recently resettled some North Korean refugees in the U.S. Under U.S. law and policy, in order to protect the applicants, their families and the integrity of the program, we do not comment on individual asylum or refugee cases. Procedures to consider North Korean nationals for resettlement are the same as for nationals from other countries. We will consider any North Korean brought to our attention by the United Nations High Commissioner for Refugees (UNHCR), U.S. Embassies and Consulates, and reputable non-governmental organizations. In all cases, host government concurrence is required for refugee processing on foreign territory. We will continue to work closely with the Congress and with the Subcommittee as we pursue this important initiative.

Human Rights

The Department has worked to identify concrete ways to address the North's human rights abuses.

In August 2005, the President appointed the Special Envoy on Human Rights in North Korea, Mr. Jay Lefkowitz. Since his appointment, Special Envoy Lefkowitz has taken numerous actions to build international consensus for improved human rights in North Korea and to increase North Korean access to outside information.

Currently, the State Department and other agencies are compiling a plan to expend funds to protect refugees and promote the freedom of North Koreans -- as called for the North Korean Human Rights Act of 2004.

For the past three years, the U.S. has co-sponsored resolutions condemning North Korea's human rights abuses at the UN Commission on Human Rights. In 2005, the U.S. co-sponsored an EU-tabled resolution on D.P.R.K. human rights at the UN General Assembly, marking the first time the issue had been addressed by the body. The U.S. also provided \$2 million to the NGO Freedom House an international campaign to raise awareness of the human rights situation in North Korea. The U.S. has provided a grant to the National Endowment for Democracy to support groups that monitor North Korean human rights abuses.

In November 2005, the Secretary designated North Korea a Country of Particular Concern under the International Religious Freedom Act for its systematic, ongoing and egregious violations of religious freedom.

The U.S. has made clear to North Korea that discussion of its human rights record will be part of any future normalization process. That concludes my remarks, Mr. Chairman, and I look forward to your questions.

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