



## North Korea and Iran: An Administration Perspective

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Thank you very much Forrest Waller for inviting me to participate in this panel and for your kind introduction. I'd also like to thank Dr. John Reichart for organizing this important symposium, an annual event that has become an invaluable opportunity for practitioners to exchange views on key proliferation issues. I'm pleased to be on such a distinguished panel with Bob Einhorn and Rebecca Hersman, and I look forward to a lively discussion.

I've been asked to discuss U.S. nonproliferation policy with regard to the two proliferators of greatest current concern -- Iran and North Korea. There are, of course, important differences in how we approach each state from a tactical perspective. However, our strategic objectives on both Iran and North Korea are consistent with regard to our efforts to achieve the underlying nonproliferation objective. In each case, we have worked through multilateral diplomacy to press the D.P.R.K. and Iran to abandon their nuclear weapons ambitions. To achieve that objective, we have utilized a combination of carrots and sticks in both cases, including incentives packages and substantial sanctions. Of particular note, I would say that our use of targeted financial measures has proven particularly useful.

Our work is not yet complete in either case. Iran, in particular, is proving resistant to the ultimate objective of the dual-track approach adopted by the P5+1. Its hallmarks have been pressure applied by the UNSC in three successive Chapter VII sanctions resolutions and the package of incentives originally offered Iran on 1 June 2006. In the case of North Korea, we continue to pursue diplomatic negotiations through the Six-Party Talks, a process that has produced some concrete results, including the shutdown and on-going disablement of three core facilities at

the Yongbyon Nuclear Complex such that, once all disablement activities are completed, it is estimated that it will take North Korea upwards of one year or more to re-establish operations there.

### D.P.R.K.

Let me first address U.S. policy toward the D.P.R.K. We continue to seek the verifiable denuclearization of the Korean Peninsula through the Six-Party Talks, as envisioned under the September 19, 2005 Joint Statement. We are working now to ensure ongoing concrete actions toward implementation of the Joint Statement, in which the D.P.R.K. committed to abandon all nuclear weapons and existing nuclear programs and to return, at an early date, to the NPT and to IAEA Safeguards.

There is common agreement that North Korea's nuclear weapons program presents a threat to regional and global security and an urgent challenge to the global nonproliferation regime.

Concern regarding North Korean nuclear activity is nothing new. North Korea's noncompliance with its NPT obligations surfaced well over a decade ago. Indeed, North Korea has never fully met its obligations under the NPT and IAEA safeguards. North Korea stated in February 2005 that it had manufactured nuclear weapons, and on October 9, 2006, North Korea conducted a nuclear explosive test of a nuclear explosive device, despite repeated warnings from the international community. North Korea's provocative act resulted in the unanimous adoption of UN Security Council Resolution 1718, which, in addition to broad WMD-related sanctions, condemned the test and demanded that the D.P.R.K. return to the NPT and to IAEA safeguards, as well as to the Six-Party Talks.

As part of the U.S. effort, we have maintained a range of "defensive measures" that have been essential to bring North Korea to the table. Through a mix of financial measures, Proliferation Security Initiative activities, international pressure to end missile and arms relationships, and responses to North Korean illicit activities such as counterfeiting and the use of D.P.R.K. flags of convenience, North Korea was increasingly isolated from the international community.

The United States also has high confidence that the D.P.R.K. made efforts in the past to acquire a uranium enrichment capability, and it maintains moderate confidence that its past efforts to pursue such a capability continue today. Pakistani President Musharraf has previously stated that A.Q. Khan and his network provided sensitive centrifuge technology to North Korea.

The United States has made clear, repeatedly, and at the highest levels of our government, its commitment to achieving the verifiable denuclearization of the Korean Peninsula in a peaceful manner, as envisioned in the September 19, 2005 Joint Statement. On February 13, 2007, the Six Parties agreed to an Initial Actions Agreement to implement the commitments made in the 2005 Joint Statement, in which North Korea committed to abandon all nuclear weapons and existing nuclear programs and return to the NPT and IAEA Safeguards. Under this agreement, the D.P.R.K. shut down and sealed the Yongbyon nuclear facility, for the purposes of its eventual abandonment. Since July 14, 2007, IAEA personnel have been on the ground in the D.P.R.K. monitoring and verifying the shut down status of Yongbyon, as agreed as part of the Initial Actions.

On October 3, 2007, the Six Parties agreed to "Second-Phase Actions for the Implementation of the September 2005 Joint Statement." Under this agreement the D.P.R.K. committed to disable all its existing nuclear facilities, beginning with the three core facilities at Yongbyon by December 31, 2007. Additionally, the D.P.R.K. agreed to provide a complete and correct declaration of all its nuclear programs in accordance with the February 13 agreement by December 31, 2007, and reaffirmed its commitment not to transfer nuclear materials, technology, or know-how.

Currently, U.S. personnel are at Yongbyon overseeing ongoing disablement activities. To date, eight of eleven agreed disablement actions at the three core facilities at Yongbyon have been completed. Discharge of the spent fuel rods from the 5-MW(e) reactor, one of the most important disablement tasks, began in early December, and more than a third of the 8,000 rods in that reactor have been discharged. U.S. experts working at Yongbyon have noted that this work has proceeded in a cooperative manner. There are no indications that the D.P.R.K. intends to reverse any disablement actions.

While most of the agreed disablement actions at the three core facilities at Yongbyon have been completed, the D.P.R.K. missed the deadline to provide a complete and correct declaration, and the United States continues to work closely with our Six-Party partners to press the D.P.R.K. to provide the declaration of its nuclear programs, facilities, and materials, including clarification of uranium enrichment and proliferation activities, as soon as possible.

Let me take a moment to address the issue North Korea-Syria nuclear cooperation - a matter that was briefed to the Congress on April 24. We have long been seriously concerned about the D.P.R.K.'s proliferation activities, and North Korea's clandestine nuclear cooperation with Syria is a dangerous manifestation of those activities. The United States believes, based on strong evidence that North Korea assisted with the construction of a reactor at Al-Kibar in Syria. We have good reason to believe that the reactor, which was damaged beyond repair on September 6 of last year, was not intended for peaceful purposes.

We have chosen to address this problem through the Six Party Framework. In September 2007, the United States began raising its concerns with North Korea about nuclear cooperation with Syria. We have made our concerns known to North Korea in a frank and comprehensive way, and the North Koreans have acknowledged our

concerns. The North Koreans have stated that there is no ongoing nuclear cooperation with any foreign country, and that there will be no such cooperation in the future.

We have been following Syrian-North Korean interactions since the destruction of the reactor, and we have not seen the same level of interaction as we did before the reactor's destruction; however, we cannot be certain all cooperation has ceased. We continue to be on alert for signs of any nuclear cooperation, and any renewed activities. We remain attuned to potential North Korean relationships worldwide, especially given North Korea's continued proliferation of missiles and other weapons.

Through the Six-Party framework, we are working to address North Korea's proliferation activities, which is integral to achieving the verifiable denuclearization of the Korean Peninsula and ending the threat posed by a nuclear North Korea. We will work with our partners to establish in the Six Party Framework a rigorous verification mechanism to ensure that such conduct and other nuclear activities have ceased. We remain confident that the Six-Party process is the best mechanism to address the danger to the United States and the international community posed by the D.P.R.K.'s nuclear programs. Following completion of the Second Phase, we hope to move quickly into a final phase, which will be aimed at abandonment of North Korea's nuclear weapons and existing nuclear programs, dismantlement of all North Korea's nuclear facilities, capture of all fissile material the D.P.R.K. has produced, and a comprehensive verification of North Korea's denuclearization.

The United States has repeatedly noted that with denuclearization of the Korean peninsula, many things are possible. The abandonment of North Korea's nuclear programs would open the way for eventual normalization of U.S.-D.P.R.K. relations and a permanent peace regime on the Korean Peninsula. This process, however, cannot move forward without the full implementation of the Joint Statement, leading to the verifiable denuclearization of the Korean peninsula and the D.P.R.K.'s return to the NPT and IAEA safeguards as a non-nuclear weapons state.

While we have made important progress, much work remains; We must continue to move forward in the Six-Party process to realize the D.P.R.K.'s abandonment of all nuclear weapons and existing nuclear programs. We will continue to work closely with our Six-Party partners as we move forward on the tough tasks that lie ahead. In the meantime, we will continue to maintain vigilance against the threat of proliferation and will work vigorously to prevent the transfer of technology, materials, or knowledge related to nuclear programs. We are concerned by cooperation between states that sponsor proliferation, especially when those same states have also sponsored terrorism and fostered instability. This leads me to the next state of particular concern – Iran.

## Iran

Iran similarly presents a profound threat to U.S. national security interests. A nuclear-armed Iran would threaten countries on three continents, and potentially threaten the homeland directly.

The international community's failure to prevent Iran's acquisition of nuclear weapons would additionally imperil the international nonproliferation regime by casting into doubt our collective ability and commitment to prevent the spread of weapons of mass destruction and spurring Iran's neighbors and others to develop nuclear weapons.

In recognition of this threat, the U.S. goal is to convince Iran to forever abandon its nuclear weapons ambitions and urge Teheran to become a better neighbor. To that end, we stress the

use of all tools and options available, including multilateral and bilateral diplomacy, financial and economic measures, counterproliferation actions such as interdictions, and as a final resort, the threat and use of military force.

Since May 2006, we have presented Iran with an increasingly stark choice between two paths: confrontation or isolation; cooperation or reward. Critical elements of this strategy include:

- Multilateral pressure via escalating sanctions at the UNSC and implemented through national legal authorities;
- Unilateral sanctions, including U.S. designations of Iranian banks and other entities involved in Iran's proliferation-related activities and support for terrorism;
- Support for the ongoing IAEA investigation of Iran's nuclear activities;
- The P-5+1 incentives package and Secretary Rice's promise of wide-ranging talks should Iran suspend its enrichment-related and reprocessing activities; and,
- Outreach to the Iranian people through exchange programs, Farsi-language broadcasting, and support for civil society.

Multilateral diplomacy is an essential element of our strategy. As a result of a series of investigations, the IAEA Board of Governors reported in February 2006 that Iran was in noncompliance with its Safeguards Agreement. The UN Security Council adopted Resolutions 1696, 1737, 1747, and, most recently, 1803. These Resolutions impose Chapter VII sanctions on Iran.

The full impact of these multilateral sanctions is difficult to gauge. However, at a minimum, these sanctions are limiting Iran's access to sensitive technologies and goods, with the possible impact of slowing Iran's nuclear and missile development. These sanctions are also impairing Iran's ability to access the international financial system, fund its weapons programs and terrorist activities, and secure investment for strategic sectors.

Many states and firms simply no longer wish to associate themselves with the Iranian regime. They keep Iran on the defensive, forcing it to find new finance and trade partners and replace funding channels it has lost – often through more costly and circuitous mechanisms.

Importantly, major banks such as Commerzbank, Credit Suisse and HSBC have decided the risks of doing business in Iran is too great and have ended or limited their business with Iran. The effects of Iran's growing international stigma may, in the end, be as substantial as the direct economic impact of any sanction. The United States is working with international partners – particularly the nations of the European Union – to adopt complementary sanctions in order to increase pressure on Iran. We have urged other international partners to review what additional measures they could impose on Iran following the adoption of UNSCRs 1737, 1747, and 1803.

Let me discuss for a moment the U.S. national sanctions that are such a critical component of our approach to Iran. In addition to the U.S. comprehensive embargo on Iran, we have strengthened our existing measures through the designation of specific Iranian individuals and entities through Executive Order 13382 (Counterproliferation) executed by the President as a new nonproliferation tool in June 2006. On October 25, 2007, the Departments of State and Treasury announced the designations of dozens of entities and individuals under this Executive Order.

Overall, we have seen positive effects from this comprehensive strategy. Around the world, firms and banks are pulling back from investment in or dealing with Iran, or are adjusting their costs in order to address the risk premium attached to such business. Admittedly, there are exceptions. Iran's status as a major oil and natural gas supplier as well as its lucrative domestic market will always be tempting to states and international businesses. However, we will continue to undertake domestic actions as appropriate and necessary to protect the U.S. financial system and to convince our partners to do the same.

It should be clearly understood that, at the same time that we are seeking to maintain and enhance the pressure on Iran's leadership, we also continue to offer Iran an "exit ramp" from the road to international isolation. Each resolution reaffirms the generous P5+1 offer of 2006 and expressed commitment to a negotiated solution. Secretary Rice has frequently made clear her commitment to the path of negotiations by offering to sit down with her Iranian counterparts "any time, any place" in good-faith negotiations should Iran undertake the essential confidence building measure of suspension.

Iran's possession of nuclear weapons is not a forgone conclusion, nor has its march to acquire them been inexorable. Still, we should not underestimate the Iranian regime's commitment to its current course. Although Iran appears to have halted its development of nuclear weapons in late 2003, it continues to develop its fissile material production programs and ballistic missile capabilities and, as the NIE notes, at a minimum is keeping open the option to develop nuclear weapons.

Iran is increasingly feeling the strain imposed by sanctions regimes. However, Iranian perseverance in the face of such pressure demonstrates the extent of Iran's commitment to preserve its options to develop a nuclear weapon. We must work with friends and allies to ensure the international community remains equally committed and consistent in our message and requirements. We have presented Iran an option: the regime can continue down its current path toward isolation and further sanctions, or it can choose to re-engage with the international community, opening up opportunities for better relations and a brighter future.

The U.S. is making every effort to improve U.S. – Iranian relations, but that cannot happen without a change in the Iranian regime's policies. Patience and persistence – strengthened by the unity of the international community – will move us closer to that end.

#### **Conclusion**

Obviously, there is no "one size fits all" solution in diplomacy. Each issue, including the D.P.R.K. and Iran, needs to be seen and addressed taking into account its own context. In the case of North Korea, the President noted in October 2006 that we will never accept North Korea as a nuclear weapon state. The primary objective of the Six-Party Talks remains the verifiable denuclearization of the Korean Peninsula and the full implementation of the September 19, 2005 Joint Statement, under which the D.P.R.K. committed to abandoning all its nuclear weapons and existing nuclear programs. In Iran's case, we remain committed to convincing Iran to abandon forever its nuclear weapons ambitions. This will enable the Iranian people to move forward with a truly civil nuclear energy program that can assist with their country's development, as well as make available a whole host of incentives offered by the P5+1 in June 2006. Success ultimately depends on the continued unflagging resolve, not only of the United States but also other like-minded countries around the world, to once and for all prevent the continued the spread of weapons of mass destruction.

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