



Evening Walkthrough With Reporters at Six-Party Talks

Christopher R. Hill, Assistant Secretary for East Asian and Pacific Affairs
St. Regis Hotel
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ASSISTANT SECRETARY HILL: Hi. Good to see you all. Today I had a pretty lengthy discussion with my counterpart, Wu Dawei, on the way forward in the Six-Party process and, in particular, time to compare notes on what to do about this issue that has been and continues to be a very difficult problem to overcome. And that is the matter of the banking issue in Macau, BDA. The Chinese side had some suggestions, which we've certainly taken and given considerable thought to, and we also had some thoughts for the Chinese side. And we look forward to discussing that when we have dinner in a few minutes' time.

I think this issue does need to be resolved with the cooperation of the U.S. and the Chinese. I'm sure in the end we will realize a solution to this, but it's just been very difficult. It involves a number of legal issues. It involves bank regulatory issues. It has not proven easy to solve.

One positive note is that, in comparing notes, we both agreed that both in private channels and publicly the DPRK, the North Koreans continue to be committed to the February 13th agreement; and once they have their funds from the bank, they are prepared to do their part of the bargain, which is to shut down the Yongbyon complex. We are still feeling positive about our February 13th agreement, with the understanding that it has proved to be very difficult to overcome this banking issue -- caused by the fact that, essentially, the Banco Delta Asia has been declared off-bounds to U.S. banks as a money laundering concern. This has meant it's been difficult for any bank to have the means to transfer those DPRK accounts to another bank. Again, the Chinese side had some ideas, we had some ideas and we look forward to continuing that discussion tonight.

I also today had a lengthy discussion with Assistant Minister He Yafei. We discussed a range of bilateral U.S.-Chinese issues. We have a very, very active engagement with the Chinese. We assessed the Strategic Economic Dialogue that just was completed in Washington. We discussed some up and coming visits, up and coming senior level contacts, and we discussed a range of international issues as well. So far it's been a very good visit.

I plan to leave and go back to Washington and to discuss what the way forward might be on the Six-Party process, with the hopes that we can really get to the end of it very soon. I won't give you a date where we believe we can resolve this, except to say I think everybody would like to do it as soon as possible.

Thank you very much and we'll see you some other time.

QUESTION: Do the suggestions that you mentioned now involve Chinese banks?

ASSISTANT SECRETARY HILL: Again, I don't want to get into any specifics on how we are doing this. But I must say, the issue has proved to be very difficult, and it engages a number of legal and regulatory matters.

QUESTION: Do you feel like you made progress today?

ASSISTANT SECRETARY HILL: Yes, I think it was very useful to exchange views on this. We have said many times that we consider the cooperation that the U.S. and China have in the Six-Party process to be really one of the strongest aspects of the whole Six-Party process. I think today that was very much apparent. But we need to put our heads together and find a solution. I don't think any one country is going to be able to find the solution to this banking issue. I think we are going to have to work together on it. So I think it was a good discussion in that regard.

QUESTION: You said you discussed some international issues. Was Darfur among them?

ASSISTANT SECRETARY HILL: Yes, Darfur was. Many other issues we discussed -- the U.S. and China have issues around the world now. We discussed issues like climate change, for example. It is a very full bilateral agenda that we have with China these days.

QUESTION: The gap on the Darfur issue is still very big between you and the Chinese side?

ASSISTANT SECRETARY HILL: I don't want to talk about the gap. I think we talked about the situation there. I wanted to be very clear about where our position is, and the Chinese were equal to the task of explaining how they see the situation there. I think we are united by desire to resolve the matter. I certainly expressed support for the fact that the Chinese will be sending combat engineers as part of the heavy support package. I talked to them about what we are doing from the point of view of the sanctions program that our President announced yesterday.

I'd love to talk to you longer. But they have warned me that the traffic is really bad, and I don't want to be late for Mr. Wu Dawei. I think I've pretty much given you everything we've discussed. I know it sounds disappointing, but it's the best I could do.

QUESTION: So when are you leaving tomorrow?

ASSISTANT SECRETARY HILL: When am I leaving tomorrow?

QUESTION: And briefing?

ASSISTANT SECRETARY HILL: Sometime tomorrow afternoon, I think. I could probably give a brief in the morning. Maybe you can work with the Embassy on when that could be, rather than have you wait here. I could tell you a little about what we discuss tonight. But I can assure you the U.S. and China really want to work together to resolve this matter.

QUESTION: How would you characterize the Six-Party process at this point? Is it stalled? Is it dead? Is it derailed? Where are we on this?

ASSISTANT SECRETARY HILL: Let me see. I wouldn't call it -- It is certainly not dead. Certainly, we have a pretty serious bump in the road here, but we plan to get over it. We've encountered other bumps in the road before.

I think what is important is we all want to get to the same destination. What to me, and to the Chinese side as well, is important is that, from all signs, the DPRK wants to fulfill its obligations under the February agreement. We've encountered this bump in the road and we have to figure out a way to get over it or around it.

QUESTION: Is the BDA bump more of a technical nature or a political nature?

ASSISTANT SECRETARY HILL: It really is technical. I know that it is hard to believe that something technical could go on for a couple of months. But it really is a technical matter, which can not just be solved through political means but rather needs a complex set of technical solutions -- which involves several agencies of government on my side. It's not easy. I think, frankly, when we look back on it, it won't seem as long as it seems right now.

Believe me, as the negotiator I cannot tell you how painful it is to wake up every morning and realize we've had another day go by where we haven't resolved this issue. It is really pretty tough. But probably, eventually, when we look back on it, it won't be so long. I certainly feel I have a lot more gray hair as a result of it, and a lot less hair.

QUESTION: Why can't somebody just foot the bill for \$25 million and then give the North Koreans --

ASSISTANT SECRETARY HILL: If you want to give us \$25 million, I think we can resolve this. So just pull out your wallet, hand it over. I'll cancel my dinner, and I think we can solve it. But it's not that easy. It just isn't that easy. Believe me, I don't like it going on a day longer. But we have to deal with it, and I'm sure many of you have contacts in the banking community, and I'm sure many of them can fill you in on why this is so difficult.

QUESTION: Did the Treasury Department take part in any part of the discussions that you had?

ASSISTANT SECRETARY HILL: No. Today I was on my own. Armed with talking points from Washington, so not quite on my own.

QUESTION: Mr. Hill, you made the point that a solution to this problem requires China's cooperation as well. Now that doesn't mean asking a Chinese bank to take the money?

ASSISTANT SECRETARY HILL: I wouldn't read too much into that. It is just that this is a problem that is really affecting the overall pace of the Six Party Talks. And therefore we need China involved in this, because they are in the chair of this process. So we need to work very directly with China on this. But please don't read too much into that in terms of what institutions we might use to resolve that.

QUESTION: Sorry, could I just clarify on Darfur? Do you exchange views with China about a possible U.N. Security Council resolution?

ASSISTANT SECRETARY HILL: Not at this time. I wanted to brief the Chinese on the announcement that was made yesterday by our President about the sanctions that we've taken in Darfur, and after that we had a brief discussion of the substance of the actual situation in Darfur.

Hey, I've really got to go.

QUESTION: [Inaudible]

ASSISTANT SECRETARY HILL: There's the Kim Gye-gwan question. I am here in Beijing, and if Kim Gye-gwan is available, if he's here, I'd be happy to talk to him. But, surprisingly enough, this issue in the bank is not so much an issue between us and the DPRK. It is more between us and the banks and banking regulators.

OK. I've really got to go. Sorry. OK. Bye.

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