

**U.S. INTERESTS IN EAST ASIA AND THE PACIFIC:  
PROBLEMS AND PROSPECTS IN  
THE YEAR OF THE HORSE**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON EAST ASIA  
AND THE PACIFIC  
OF THE  
COMMITTEE ON  
INTERNATIONAL RELATIONS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED SEVENTH CONGRESS

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**THURSDAY, FEBRUARY 14, 2002**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON EAST ASIA AND THE PACIFIC,  
COMMITTEE ON INTERNATIONAL RELATIONS,  
*Washington, DC.*

The Subcommittee met, pursuant to call, at 10:05 a.m. in Room 2175, Rayburn House Office Building, Hon. James A. Leach presiding.

Mr. LEACH. The Committee will come to order, and the Chair will ask unanimous consent to put his own statement in the record and certainly the Ranking Members if he so chooses.

I would just like very briefly to welcome Assistant Secretary Kelly back for a second visit with the Committee at a particularly timely moment, just preceding the President's visit to the Asian region. This is a very symbolic and important visit, both in terms of personal relations of the President with leaders in the region but also for America to listen to our friends and allies, and also to make clear our desires for normal relations with all countries in the region. And that certainly reflects the views of this Subcommittee, and so we are strongly behind your visit and the purposes of it.

And we are also very respectful of the professionalism with which State has led at this time in the Asian arena. I do not know how accidental it was or not, but with regard to China, this will be the 30th anniversary of the original Nixon visit, and that is something for which I would just like to make one minor comment. There are always fits and starts to relations with any particular country, but we have surprising consistency with regard to China, and there is a progression that has been generally quite positive and that is rooted in the original visit and the series of communiqués and also, of course, the Taiwan Relations Act, but much more than that, rooted in various aspects of American history from the open-door policy of the late-19th century to our alliance in World War II. I only stress this from a Chinese perspective because that is going to be a seminal part of the President's visit.

We are also very concerned about Japan and their economy and clearly North Korea. I was very impressed with Secretary Powell's comments about a desire for continued dialogue with the North Koreans.

In any regard, welcome, Mr. Kelly, and let me ask Mr. Faleomavaega if he would like to comment.

[The prepared statement of Mr. Leach follows:]

PREPARED STATEMENT OF THE HONORABLE JAMES A. LEACH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA, AND CHAIRMAN, SUBCOMMITTEE ON EAST ASIA AND THE PACIFIC

On behalf of the Subcommittee, I would like to warmly welcome Assistant Secretary Kelly for his second appearance before the Subcommittee on East Asia and the Pacific. As my colleagues know, Assistant Secretary Kelly has brought a consultative, thoughtful, and thoroughly professional approach to managing the East Asia Bureau at the Department of State that not only enjoys the full confidence of Capitol Hill, but is welcomed by our friends and allies in the region. We appreciate your good work and look forward to continuing a productive relationship.

President Bush's visit to Japan, South Korea, and China later this month underscores the critical and, indeed, growing importance of the Asia-Pacific region to the national interests of the United States. His stop in China is of particular significance. The President will arrive in Beijing on the 30th anniversary of President Nixon's historic journey to China, symbolizing the continuity of America's engagement with the Middle Kingdom. In addition, the inclusion of China on the President's Northeast Asia tour only five months after the APEC summit in Shanghai, suggests his strong personal commitment to strengthening the foundations of Sino-American relations.

The President's trip to the region thus presents us with a timely opportunity to review not only U.S. policy toward Northeast Asia, but the challenges and priorities of our regional diplomacy as a whole. Here I would offer just a few brief remarks.

There can be no doubt that alliance relations with Japan have been strengthened in recent months, not only by the close working relationship established between the Bush and Koizumi governments, but particularly by Japan's exceptional response to the events of September 11. America is most grateful for Japan's friendship and support. By the same token, the campaign against terrorism has evidently helped accelerate the development of a more robust Japanese security policy, one implicitly if not explicitly encouraged by the United States. While an evolving Japanese perspective on national defense is natural and thoroughly appropriate, destabilizing regional rivalries are less likely to develop if the reasons for new policy departures are clearly articulated and understood by others.

Of perhaps greater consequence for international security is the current condition of the Japanese economy and its prospects for the future. While the difficulties are well understood in Tokyo and around the world, developing effective solutions has proven enormously difficult. In this vein, one of the great challenges for the U.S. over the past decade has been to find a productive means to engage our Japanese friends on issues of economics and finance, as well as trade. The Bush administration has generally chosen the path of respectful, quiet diplomacy, an approach which has the virtue of being well received by Japan. My only comment would be to the extent that financial and structural reform is imperative, but is in danger of becoming hamstrung by protracted political gridlock, we could perhaps become a more effective agent for change by expanding our dialogue beyond elites in Tokyo and directly to the Japanese people.

Turning to the Korean peninsula and the issue of engagement with the North, my own view is that the President's remarkable State of the Union address reflected and bolstered his leadership in the face of a unique foreign policy challenge. However, one has the sense that in South Korea and possibly elsewhere in the region, certain apprehension has developed about American attitudes and use of words. Here, it should be emphasized, it is correct to make clear that governments which harbor terrorists or which threaten to spread anarchy with the development of weapons of mass destruction cannot be ignored. It is not only reasonable but important to put the world on notice. The challenge is to do so in a way that unites our friends and incentivize potential foes to change their ways. I have no doubt that the President will admirably succeed in this task by reassuring our friends and allies in Seoul that our engagement policy and strong support for intra-Korean reconciliation remain unchanged.

With respect to China, the President has an opportunity to engage Beijing in a comprehensive manner that contributes to a better understanding of our respective positions on regional security, arms control and proliferation, as well as on America's insistence on a peaceful resolution of the issue of Taiwan and our principled commitment to the advancement of human rights. If I had one general recommenda-

tion, it is that it is time for the U.S. to begin looking for ways to more positively engage the Chinese people and support the development of a more open society. Support for rule of law initiatives, enhanced academic and cultural exchange, military-to-military exchange, cooperation on HIV/AIDS, and the environment, ought to occupy a much higher place in the priorities we set for bilateral relations with a country of China's size and significance.

The Subcommittee is also interested in hearing about a number of other important issues, such as the degree to which we are receiving cooperation from our tremendous allies in Australia, our friends in New Zealand, the status of our deployment in the Philippines, the extent to which Al-Qaeda has managed to establish terrorist cells in Southeast Asia and the response of the member countries of ASEAN to that challenge, as well as prospects for progressive political transition in Burma. We look forward to your testimony and the question and answer to follow.

Mr. FALCOMA. Mr. Chairman, in the interest of time, I certainly would like to offer my personal greeting to my good friend, Assistant Secretary Jim Kelly, with the tremendous responsibility that he has in this region of the world and I, too, would like to offer my statement to be made part of the record, with a couple of observations.

Not only is it a symbolic but certainly a very historic occasion that President Bush perceives the tremendous economic and national interests in our country require he visit these three countries in Northeast Asia. It certainly puts emphasis on the fact that these countries are not only important but are vital for our security and economic interests.

One of the things that I observe and sincerely hope that the President will pursue, since we are making such a big thing about Enron, is waffling in terms of establishing a firm policy on how we can best help Japan's economic crisis. We are not dealing with billions of dollars; we are dealing with trillions of dollars. If Japan's economy continues to falter, it will not only have a tremendous impact on our own economy, but the global economy will be severely impacted. This is something that I hope our President will pursue earnestly with Prime Minister Koizumi. The Prime Minister should also be given credit for his leadership on a most historic occasion, where the Japanese government has sent portions of its defense forces to aid our efforts against international terrorism, which I think is very, very historic.

There are a lot of issues that I know are within the jurisdiction of the Subcommittee but the Korean Peninsula is another very important issue. Unfortunately, maybe it was off the cuff, but I got a sense from the President's remarks about an "axis of evil" kind that it sends a very negative message in terms of the sensitivity of people from that part of the region. It certainly does not help President Kim Dae Jung in his efforts with a "Sunshine Policy" to see whether North and South Korea can work, since they are the same people and need better economic and social relationships.

With those few observations, Mr. Chairman, again, I want to thank you for calling this hearing. I think it is very timely, and let us earnestly hope that the President's trip to these three major countries in Northeast Asia will be positive and constructive. We certainly will do our part and be helpful in every way possible so that our foreign policy is seen in a better light with a better sense of appreciation for what we are attempting to try to achieve here. So with that, Mr. Chairman, thank you, and, again, I welcome Mr. Kelly for his testimony this morning.

[The prepared statement of Mr. Faleomavaega follows:]

PREPARED STATEMENT OF THE HONORABLE ENI F.H. FALEOMAVAEGA, A  
REPRESENTATIVE IN CONGRESS FROM AMERICAN SAMOA

Thank you Mr. Chairman:

As President Bush prepares for his trip to Asia this weekend, I commend you for calling this timely hearing to examine U.S. interests and developments in the Asia-Pacific region.

I join you in warmly welcoming Assistant Secretary of State for East Asian and Pacific Affairs, the Honorable James A. Kelly, to our committee again. In addition to an update on significant events in the region, Secretary Kelly will no doubt enlighten us as to the President's expected agenda when he visits Tokyo, Seoul and Beijing.

Since the terrorist attacks of September 11th, President Bush has addressed the world primarily in his role as America's commander-in-chief. In the upcoming trip to Asia, however, the world may now be assessing the President in his role as diplomat.

In Japan, Prime Minister Koizumi must be commended for his strong leadership in supporting the war on terrorism. Adoption of an Anti-Terrorism Special Measure Law facilitated the sending of Japanese Maritime Self-Defense Forces to assist U.S. military operations in Afghanistan. In contrast to its paralysis in the Gulf War, Japan's response was quick and robust in Afghanistan. Engaging militarily, even if in a logistical capacity, is an historic step forward for Japan to assume a role in regional security that is commensurate with its global stature.

On the other hand, I am extremely concerned with Japan's 12-year economic slump that threatens possibly to ignite a worldwide depression. The Prime Minister's promises of economic reform to address Japan's deep recession, record high 5.6% unemployment rate, and banking crisis with over \$270 billion of bad loans, are in question. This has been exacerbated by his recent firing of Foreign Minister Makiko Tanaka, a popular and strong advocate for reform in the government. Consequently, public support for the Prime Minister and the credibility of his reform agenda have taken a dramatic hit. While in Tokyo, President Bush will have to demonstrate unwavering support for Prime Minister Koizumi and reform of Japan's banking and financial systems that are necessary to avert an economic meltdown.

In South Korea, tensions and instability on the Korean Peninsula have visibly heightened as a result of President Bush's denouncement of North Korea as part of an "axis of evil." Some argue that this is further proof of U.S. hardline attitudes toward North Korea that have undercut President Kim Dae-Jung's "Sunshine" policy and are directly responsible for the lack of progress in North-South relations.

It was crucial that the Administration clarified that military action against North Korea is not imminent and that the U.S., in fact, still welcomes engagement with Pyongyang. Secretary Powell testified this week on Capitol Hill that President Bush will personally offer to support dialogue with North Korea when he is in Seoul. I am hopeful that this gesture by the President will serve to defuse tensions with Pyongyang, as well as to repair relations with our friends in South Korea.

In looking at China, it was not long ago that relations with the PRC were extremely strained over the EP-3 aircraft incident, which followed in the wake of the accidental bombing of the Chinese Embassy in Belgrade. Yet today, China's President Jiang Zemin has joined President Bush in unequivocally condemning the terrorist attacks and contributing to U.S.-led efforts to combat terrorism. China has played a significant role by sharing intelligence and counter-terrorism experts, supporting anti-terrorism resolutions in the U.N. Security Council and providing humanitarian relief aid to Afghan refugees, among other things.

Despite our cooperation on the international fight against terrorism, however, President Bush should still address our differences with Beijing in several areas. These include China's proliferation of missiles and nuclear and chemical weapons; maintaining peace and stability in the Taiwan Strait, and the need for a renewed cross-Strait dialogue without preconditions between Beijing and Taipei; and addressing China's serious human rights abuses and crackdowns on religion.

In discussing nations in the region that responded so magnificently to the events of September 11th, I also want to recognize the contributions of two countries close to my own Pacific district—New Zealand and Australia. These longtime allies of the United States have extended unwavering support to the campaign against terrorism. Australia and New Zealand are to be commended for their moral, diplomatic and political support, intelligence cooperation, crackdown on terrorist financing and front-line military support, including special forces on the ground, that have contributed significantly to the war on terrorism.



Mr. Chairman, I thank you for the opportunity to offer these brief comments and I look forward to Secretary Kelly's testimony on these matters impacting the Asia-Pacific region.

Mr. LEACH. Thank you. Let me mention a couple of quick difficulties first procedurally. People know that Congress was in late last evening, in fact, early this morning, but that means we have got some difficulties, plus we have a competing Committee meeting with Mr. Musharraf, and we have votes that have just been called on the House floor. And rather than interrupt your statement, I think we might be wiser if Eni and I took care of the voting and then proceeded so that you would have an uninterrupted statement. So at this point, at the risk of presumption, I would like to call a recess pending the vote, and then we will have a clear shot at a full statement. I am sorry to start in this fashion, but I think it gives you a little better chance to make a straightforward statement.

Mr. KELLY. Thank you, Mr. Chairman.

Mr. LEACH. And so at this point we will go in recess pending the vote, and we will try to make this as quick a recess as humanly possible. So we will resume in 10 or 12 minutes.

[Whereupon, at 10:12 a.m., a recess was taken.]

Mr. LEACH. The Committee will reconvene. Mr. Secretary, you are welcome to read your full text or proceed as you see fit, but without objection your full statement will be in the record. Please proceed.

**STATEMENT OF THE HONORABLE JAMES A. KELLY, ASSISTANT SECRETARY OF STATE, EAST ASIAN AND PACIFIC AFFAIRS**

Mr. KELLY. Thank you very much, Mr. Chairman. I will read a severely abbreviated part of my statement that I hope will touch on some of the high points, and I appreciate your entering the lengthier remarks into the record.

Mr. Chairman and Members of the Subcommittee, especially Ranking Member Mr. Faleomavaega, thank you for the invitation to appear before you today to discuss President Bush's upcoming visit to Japan, the Republic of Korea, and to China. I eagerly welcome this invitation because the President's visit represents a highly visible opportunity to underscore the extraordinary importance of our relations with these three Asian states.

Your invitation to appear before you today also presents me with an occasion to discuss with the Congress our overall relations with East Asia and the policies that we believe will be most effective to meet the challenges of 2002 and beyond.

The President's visit to Asia next week, though, fulfilling his promise that was made last fall, is not simply a rain check. It is an important opportunity for the U.S. to articulate and demonstrate that our strategic interests in the region are remarkably deep, diverse, and enduring. The President's visit to our key allies, Japan and Korea, and to China, one of the five permanent Members of the U.N. Security Council, reaffirm our determination to remain engaged in Asia over the long term.

The President will have a very robust schedule. In Japan, he will meet with Prime Minister Koizumi and address the Japanese Diet.

In South Korea, he will meet with President Kim Dae Jung. In China, he will meet with President Jiang Zemin and Premier Zhu Rongji, among others. At each stop, the President will seek to strengthen personal ties, which he views as essential to promoting international cooperation and to discuss the common struggle against terrorism as well as other regional and bilateral issues.

The President's first stop will be in Japan, our linchpin Asian ally of over 50 years. We enjoy a very close and important security relationship with Japan, with about 50,000 service members stationed there at numerous bases and on board home-ported ships. Unfortunately, Japan has been suffering economic woes for many years, and there is danger that its important leadership role may be undermined if its economy deteriorates further. Japan's troubles include high levels of government and private debt, a significant part of which is nonperforming; also deflation, recession, a falling stock market, and record levels of corporate bankruptcy and unemployment. As the deepest of friends and allies, America is obviously concerned over Japan's economic health.

I expect that President Bush will restate the U.S.'s strong support for Prime Minister Koizumi's economic reforms. Mr. Koizumi has the enthusiasm and determination necessary to turn Japan around. He has sound plans, and he needs support, not pressure, from the United States.

After 9/11, Japan showed its true colors by quickly joining in the counterterrorism coalition despite a number of legal and political obstacles, reflecting Japan's traditional stance against taking military action unless directly attacked. These are named in the statement, and they are quite remarkable, including provision of fuel directly from Japanese ships to American ships deployed in the Indian Ocean.

The second stop in the President's itinerary underscores the reality that our alliance with South Korea remains strong and vital to lasting peace on the Korean Peninsula and stability in East Asia. The President's February 19th-21st visit to South Korea will be an important opportunity to highlight this enduring relationship, which encompasses close diplomatic, security, and economic ties, and to discuss the current and future challenges we will face together.

Obviously, there will be many questions on the reference to North Korea in the President's State of the Union Address. Mr. Faleomavaega, he was not speaking off the cuff, and what the President said is true and reflects the President's determination to speak frankly and directly. But the President's first visit to the South Korean capital will also highlight some remarkable achievements. First, we will celebrate remarkable democratic development and an exceptional recovery from the economic distress of a few years ago.

A second objective of the President's trip will be to thank President Kim and the South Korean government for distinguishing itself as a valuable ally in the global campaign against terrorism. Third, as the President stated in the clearest possible terms, regimes like North Korea that are arming with missiles and weapons of mass destruction pose a grave and growing danger to the U.S., its interests, and its allies. The President's upcoming visit to the

ROK will be an opportunity to underscore our concern not only for North Korea's proliferation policies but also for the plight of the North Korean people. We will reiterate our strong support, however, for North-South dialogue, which we believe is key to reconciliation on the Korean Peninsula, and repeat our own willingness to begin serious talks with North Korea at any time, at any place, and without preconditions.

Even as we look to have a serious dialogue with the North, this Administration continues to provide humanitarian food assistance to the people of North Korea. Since 1995, we have provided 1.8 million metric tons of wheat, soybeans, rice, vegetable oil, and other commodities worth almost \$600 million to North Korea. This continues, and we have donated the first increment of commodities already for 2002 and are considering additional contributions for this calendar year.

The final stop in the President's itinerary will be in Beijing, where he will spend February 21st and 22nd. The visit to Beijing will fall on the 30th anniversary, as the Chairman pointed out, of President Nixon's visit to China and will undoubtedly invite comparisons between the infant state of our relations in 1972 and the robust and complex U.S.-PRC relationship that exists now. Over this period, we have made considerable progress in promoting China's transition into the international community.

China has been transformed from a nation in the throes of a violent and destructive Cultural Revolution to one of our largest trading partners. China's recent accession into the World Trade Organization will give it the opportunity to participate in building a global economy based on market principles and the rule of law. Though WTO implementation is a major challenge to China, WTO accession will in time further open China's markets to U.S. business and strengthen the hand of China's economic reformers.

We will, of course, be touching on a variety of issues in a candid way that divide us. On human rights, we welcome China's recent release of former Fulbright scholar Ngwang Choepel, who was held in prison in China for 6 years. There have been some other releases of interest, and we have urged China to make some additional ones. The President has made clear that improvement of human rights in China, including religious freedom, is a priority for this Administration. The issue of nonproliferation is one that will also be touched on.

There are also, of course, constructive and cooperative aspects to the relationship. On the constructive side, I would add working together to make the WTO membership a success as well as the cooperation against terrorism and support for the war in Afghanistan. In the cooperative area, we are cooperating in terms of trying to stem the possibility of India-Pakistan conflict and to work together on the problem of North Korea.

I do not underestimate the complexities and challenges of our relations with China, but I am confident the President will reiterate to the Chinese leadership our strong interest in this candid, cooperative, and constructive relationship that reflects fully American ideals and values.

With that, Mr. Chairman, I would be delighted to respond to any questions that you and Mr. Faleomavaega and other Members might have.

[The prepared statement of Mr. Kelly follows:]

PREPARED STATEMENT OF THE HONORABLE JAMES A. KELLY, ASSISTANT SECRETARY OF STATE, EAST ASIAN AND PACIFIC AFFAIRS

Mr. Chairman and members of the Subcommittee, thank you for the invitation to appear before you today to discuss President Bush's upcoming visit to Japan, the Republic of Korea, and China. I eagerly welcome this invitation because the President's visit represents a highly visible opportunity to underscore the extraordinary vitality and importance of our relations with these three Asian states.

Your invitation to appear before you today also presents me with an occasion to discuss with Congress our overall relations with East Asia and the policies that we believe will be most effective to meet the challenges of 2002 and beyond.

In October 2001, as the Bush Administration was engaged in all-out effort to build a global coalition against terrorism and to launch a military campaign against the forces of al Qaeda, President Bush decided to postpone his scheduled visit to Tokyo, Seoul, and Beijing, but—significantly—to go ahead with participation in the Shanghai meeting of the Asia Pacific Economic Cooperation group of nations. Under the President's leadership, the APEC summit became a forum for stimulating and enhancing the growing consensus that terrorism is a threat to world civilization, not merely to a distant country or a far flung continent.

The President's visit to Asia next week is not simply a rain check. It is an important opportunity for the United States to articulate and demonstrate that our strategic interests in the region are remarkably deep, diverse, and enduring. The President will encounter a region that has experienced an historic and virtually unanimous focus of unity and perspective on combating terrorism. One of the great challenges ahead of us in East Asia will be to deepen and institutionalize, where we can, the new cooperative patterns and reinforce long standing cooperative arrangements. The President's visits to our key allies, Japan and Korea, and to China, one of the 5 permanent members of the UN Security Council, reaffirm our determination to remain engaged in East Asia over the long term.

The President will have a very robust schedule. In Japan, he will meet with Prime Minister Koizumi and address the Japanese Diet. In South Korea, he will meet with President Kim Dae-Jung. In China, he will meet with President Jiang Zemin and Premier Zhu Rongji. At each stop, the President will seek to strengthen personal ties—which he views as essential to promoting international cooperation—and to discuss the common struggle against terrorism as well as other regional and bilateral issues.

JAPAN

The President's first stop will be in Japan, our linchpin Asian ally of over 50 years, and a nation with which we share a vibrant and multifaceted relationship based on common ideals and interests. We enjoy a very close and important security relationship with Japan, with about 50,000 service members stationed there at numerous bases and onboard homeported ships. Japan's commitment to helping support our forces stationed there is a testament to our deep strategic interdependence and common interests. Indeed, our presence in Japan is crucial not only to our commitment to help defend Japan, but also to having forward deployed forces that foster regional stability and security throughout the Asia-Pacific region.

In broader terms, Japan—the world's second largest economy—is an indispensable partner on a variety of international issues, a critical bilateral trade partner, and a key investor in virtually all Asia-Pacific nations, including the United States. Unfortunately, Japan has been suffering economic woes for many years and there is danger that its important leadership role may be undermined if its economy deteriorates further. Japan's troubles include high levels of government and private debt—a significant part of which is non-performing—deflation, recession, a falling stock market, and record levels of corporate bankruptcy and unemployment. In spite of hopes that the economy had finally turned the corner, a one percent decline in GDP last year was accompanied by the lowest level of industrial production since 1988. As the deepest of friends and allies, America is obviously concerned over Japan's economic health.

I expect that President Bush will restate the United States' strong support for Prime Minister Koizumi's economic reforms. Mr. Koizumi has the enthusiasm and determination necessary to turn Japan around. He has sound plans and needs sup-

port, not pressure from the United States. For those politicians in Japan who fear change, we will say that economic reforms should be implemented quickly to encourage Japan's re-emergence as an engine of worldwide economic growth and a source of foreign investment.

Much of Japan's economic woes are caused by the instability of its banking system, which is struggling under the weight of a massive burden of non-performing loans. These bad loans in turn reflect distressed corporate balance sheets. Creating the conditions for economic recovery requires simultaneously lifting the debt overhang from the corporate sector and writing off the bad debt load from the banks' books. The key to both will be an increased willingness and ability to sell non-performing assets into the market in a timely, transparent and substantial manner. Our hope and, indeed, our expectation is that such a vigorous market driven solution to Japan's economic problems will be achieved under Prime Minister Koizumi's vigorous and determined leadership in the coming two years in keeping with the Prime Minister's commitments to the Japanese people. The U.S. is dedicated to working with Japan in meeting its economic challenges, which are of truly global importance.

Together, we will continue the work of the Economic Partnership for Growth (EPG), inaugurated last year, as a mechanism for increasing cooperation and engagement by the two governments and private sectors. The Partnership aims to promote sustainable growth by focusing on structural and regulatory reform, foreign investment, accelerated bank and corporate restructuring, market opening, and better use of information technology.

Even in the face of domestic economic difficulties, Japan has played a progressively more important role in regional and international security affairs. Most notably, Japan showed its true colors by quickly joining in the counterterrorism coalition despite a number of legal and political obstacles reflecting Japan's traditional stance against taking military action unless directly attacked. Under the strong leadership of Prime Minister Koizumi, Japan has publicly stepped forward to assume an unprecedented diplomatic, military, financial, and humanitarian role. One of the aims of next week's visit will be to express appreciation for this effort.

The steps that Japan has taken since September 11, 2001, suggest that Japan is interested in redefining its role in Asia and confirming to the world that Japan can participate meaningfully and responsibly in legitimate international military operations.

Let me briefly review what Japan has done. In addition to Prime Minister Koizumi's public pledge to provide full diplomatic support to the counterterrorism campaign and his outspoken support for U.S. military strikes in Afghanistan, Japan was a partner in building counterterrorism support among East Asian states, conferring soon after September 11 with the leaders of China, South Korea, Indonesia, Malaysia and Singapore.

I should point out that the Japanese government officially donated \$10 million to American victims and rescue workers shortly after the events of September 11.

The Prime Minister has personally directed Japan's response to terrorism. On October 7, 2001, he established an Emergency Terrorism Headquarters under his chairmanship to coordinate Japan's response to the terrorist threat.

On October 29, 2001, the Japanese Diet passed legislation authorizing Japan's Self-Defense Forces (SDF) to provide rear area support for coalition members. Shortly thereafter, on November 9, 2001, Japan deployed the first contingent of Maritime Self-Defense Force vessels in support of Operation Enduring Freedom. There are now three Japanese destroyers and two supply ships operating in the Indian Ocean. Six Japanese Air Self Defense C-130 cargo aircraft and two other aircraft have provided transportation for U.S. personnel and material within Japan and between U.S. bases in Japan and U.S. installations elsewhere. Other Japanese ships and aircraft have carried relief supplies to refugees from Afghanistan.

Most importantly, under an emergency budget package, Japan, since December 2, 2001, has used the two supply ships to provide U.S. vessels with fuel at no cost to the U.S. The \$67 million funding for this support will run until the end of March, 2002. The refueling service Japan has provided to our vessels has been of great assistance in allowing our forces to conduct their operations. These contributions are real, timely, and of great value to the coalition's campaign.

On January 17, 2002, Japan announced a contribution totaling about \$18 million to the UN Office for the Coordinator of Humanitarian Affairs (UNOCHA), United Nations Development Fund, and the International Committee of the Red Cross for de-mining, assistance to victims, and mini-awareness education programs.

In the financial area, the government of Japan quickly froze Taliban- and al-Qaeda-linked accounts under UN Security Council Resolutions 1267 and 1373. Japan has followed up by periodically issuing asset freeze notices for individuals

named by the U.S. government and the UN and linked to terrorist groups around the world. The number of groups and individuals on Japan's watch list is about 275. In addition, once the Afghan Interim Authority took office in Kabul, the Japanese were quick to unfreeze assets to make them available to the Afghan Interim Authority.

Japan has also stepped forward to provide leadership for the reconstruction of Afghanistan. Together with the United States, Japan co-chaired and hosted the first ministerial-level conference on Reconstruction Assistance to Afghanistan January 21–22, 2002, in Tokyo. As you are aware, Secretary Powell and Secretary O'Neill attended this highly successful conference. I, too, had the opportunity to be present at that historic meeting and cannot understate my admiration for the work Japan did to bring the world together to help Afghanistan.

Sixty countries pledged a total of total of \$4.5 billion and more than met first-year needs of \$1.7 billion with pledges of \$1.8 billion. Japan made a generous pledge of \$500 million to be disbursed over the next two and a half years, front-loading \$250 million in 2002.

Japan's reconstruction pledge to Afghanistan follows numerous other actions Japan has taken to respond to the crisis, including a \$300 million grant aid package for Pakistan announced on November 16, 2001. Japan has also agreed to reschedule roughly \$550 million in Pakistani debt based on the Paris Club Agreement.

I am sure the President will want to extend his personal appreciation to the leaders of Japan for its extraordinary and multifaceted contribution to the international counterterrorism campaign and for hosting the successful Donors Conference. The President will, moreover, want to emphasize the importance of the U.S.-Japan security alliance, a partnership that is vibrantly capable of serving both countries in the 21st century. We look forward to strengthening further the U.S.-Japan security relationship, using the experience gained over the last few months and building on it to encourage further cooperation in security and defense matters.

In sum, we believe that the President's visit to Tokyo can help us move forward our agenda with the Japanese on both our economic, and our security and defense portfolios. The future challenges are large but our capability and desire to work in concert to meet these challenges is even larger. We remain fundamentally optimistic on Japan and our reliance relationship.

#### SOUTH KOREA

Our alliance with South Korea remains strong and vital to lasting peace on the Korean peninsula and stability in East Asia. The President's February 19–21 visit to South Korea will be an important opportunity to highlight this enduring relationship, which encompasses close diplomatic, security, and economic ties, and to discuss the current and future challenges we will face together.

Obviously, there will be many questions on the reference to North Korea in the President's State of the Union Address. What he said, "North Korea is a regime arming with missiles and weapons of mass destruction, while starving its citizens," is true and reflects the President's determination to speak frankly and directly. Our and our allies' approaches to North Korea will be discussed, but the President's first visit to the South Korean capitol will highlight some remarkable accomplishments.

This is a big year for Korea with key local and national elections; the Soccer World Cup, which will put the eyes of most of the world on Korea (and Japan) this spring; and the Asian Games, which will be held in Pusan in the fall.

Democratic development in the Republic of Korea (ROK) has progressed mightily in the last 15 years. The fourth democratic election for President is scheduled for the end of the year. This fall, Seoul will host the second Community of Democracies conference, a tribute to and recognition of the strides South Korea has made as a role model for newly democratic states.

In economics, South Korea has shown the way in many respects with its recovery from the crisis of five years ago. South Korea has been making a concerted effort to move its economy away from a centralized, government-directed investment model toward a more market-oriented one. Structural reforms and market discipline have already changed Korea's economy in ways that would have been almost inconceivable five years ago. Among the Asian economies hit by the 1997–1998 crisis, Korea has carried out the most extensive financial reforms and, not surprisingly, achieved the best economic progress. Its economy, even in this down year, is showing unexpected vitality.

A second objective of the President's trip will be to thank President Kim and the South Korean government for distinguishing itself as a valuable ally in the global campaign against terrorism. Through its support for operation Enduring Freedom, the Republic of Korea underlined the broader common interests that cement our

strategic relationship. In the aftermath of the September 11 tragedies, the South Korea moved decisively to commit military, diplomatic and financial resources to support U.S. efforts to battle terrorism. The ROK government immediately promised active leadership in its role as UNGA President, military support above Gulf War levels, information-sharing, efforts to block terrorist financial assets, and humanitarian assistance to coalition supporters and Afghan refugees in need. It also created a new post at the rank of ambassador to coordinate counterterrorism activities and Afghanistan affairs.

Acting on President Kim's pledge to support the U.S. in the spirit of our mutual defense treaty, the South Korean government proffered—and the USG accepted—a 140-member mobile medical unit, four C-130 aircraft (with a 150-member air support team) and a LST naval craft to transport military personnel and supplies in support of the international military coalition.

On the financial front, the ROK created a new anti-money laundering law that went into force on November 28, 2001. Under this law, South Korea can confiscate or freeze financial assets provided for or in return for terrorist acts. It also formed a Financial Intelligence Unit.

The South Korea has made a substantial humanitarian contribution in support of Afghan refugees. At the January 21–22, 2002, Tokyo Conference on Afghan Reconstruction, the Korean government pledged to donate \$45 million over a 30-month period. South Korea has also provided significant economic assistance to Pakistan, Uzbekistan, and Tajikistan.

The contrast between the two Koreas in the war against terrorism serves to illuminate our concerns. South Korea has encouraged North Korea to join the counterterrorism campaign; but other than signing two UN conventions against terrorism—the UN Hostage Taking Convention and the Convention for the Suppression of Financing of Terrorism—the North has failed to take substantial steps. We believe North Korea could and must do much more to cooperate with the international community to address the terrorist threat.

As the President stated in the clearest possible terms, regimes like North Korea that are arming with missiles and weapons of mass destruction pose a grave and growing danger to the U.S., its interests, and its allies. The President's upcoming visit to the ROK will be an opportunity to underscore our concern not only for North Korea's proliferation policies but also for the plight of the North Korean people. We will reiterate our strong support for North-South dialogue, which we believe is key to reconciliation on the Korean peninsula, and repeat our willingness to begin serious talks with North Korea at any time, at any place, and without preconditions.

A brief summary of our policy process on North Korea may be helpful. Following our review of our North Korea policy, the President enunciated clear goals that we hope to achieve with North Korea. In a June 6, 2001 statement, the President said that the U.S. Government was prepared to undertake serious discussions with the Democratic People's Republic of Korea on a broad agenda that includes improved implementation of the Agreed Framework, verifiable constraints on its missile programs, a ban on its missile exports, and a less threatening conventional military posture. Our agenda does not represent preconditions; we fully expect the DPRK to bring up its concerns as well.

We are committed to fulfilling our obligations under the Agreed Framework, but the North must come into compliance with its obligations under the Nonproliferation Treaty. The Agreed Framework requires the North to cooperate with the IAEA fully and be assessed to be in compliance before critical nuclear components can be delivered.

In order to ensure that we are fully prepared to meet with the North Koreans, we have also regularly engaged with our partners, the ROK and Japan, through both bilateral and trilateral talks to ensure that our strategies are fully consonant.

Even as we look to have a serious dialogue with the North, this Administration continues to provide humanitarian food assistance to the people of North Korea. Since 1995, we have provided 1.8 million metric tons of wheat, soybeans, rice, vegetable oil, and other commodities, worth \$591 million, to North Korea. This figure includes last year's contribution of 340,000 metric tons. We have donated 55,000 metric tons of commodities already in 2002 and are considering additional contributions for this calendar year.

North Korea is a self-created and self-perpetuated tragedy. Even in a good year, North Korea cannot produce enough food to feed its people because of disastrous agricultural policies, scarce resources for agricultural inputs, and a lack of arable land. In a bad year it means famine or near-famine conditions. A regime that continues to devote its resources to a military buildup while its population starves has waived its fundamental responsibility to its people.

Humanitarian food aid from international donors, led by the United States through the World Food Program, has become the means of making up the deficit. It's the right thing to do, and it's done outside the context of our political relationship with the North Korean government. The only way for North Korea to feed its own people is through a combination of decollectivizing agriculture, permitting agricultural output to be sold freely, and reforming its economy to be able to import the agricultural inputs and the remaining food it needs on commercial terms. There are few signs, however, that North Korea has the will to carry out these far-reaching reforms.

Let me reiterate our support for the Republic of Korea's Sunshine approach to opening up North Korea. We stand by President Kim's efforts to transform North-South relations via a coherent and comprehensive economic, political, social, and cultural opening. However, sunshine cannot cultivate a dry field. Pyongyang must respond constructively or face a continued dearth of international relations, a self-imposed isolation that almost all agree will eventually bring about its self-destruction.

As Secretary Powell noted recently, we are open to direct dialogue with North Korea today and in the future, but we will also be frank about the nature of the Democratic People's Republic of Korea's conduct and actions. North Korea must take the initiative to respond positively. As Secretary Powell said, North Korea must leave its "hard past behind" to achieve a better life.

#### CHINA

The final stop in the President's itinerary will be in Beijing, where he will spend February 21 and 22.

The visit to Beijing will fall on the 30th anniversary of President Nixon's visit to China and will undoubtedly invite comparisons between the infant state of our relations in 1972 and the robust and complex U.S.-PRC relationship that exists now. Over this period, we have made considerable progress in promoting China's transition into the international community. China has been transformed from a nation in the throes of a violent and destructive Cultural Revolution to one of our largest trading partners. China's December 11, 2001 accession into the World Trade Organization (WTO) will give it the opportunity to participate in building a global economy based on market principles and the rule of law. Although WTO implementation is a major challenge to China, WTO accession will in time further open China's markets to U.S. business and strengthen the hand of China's economic reformers.

As Secretary Powell has said, China and the United States have both been victims of terrorist violence and face a common threat from international terrorism. We appreciate China's cooperation following the September 11 attacks, which has been a positive step in our relations and reflected a joint response to a common threat.

China's diplomatic support has been of great value; the People's Republic of China (PRC) voted in support of both UN Security Council resolutions after the attacks. China's vote for Resolution 1383 marked the first time it has voted in favor of authorizing the international use of force.

Within two weeks of the attacks, China initiated a counterterrorism dialogue to improve practical cooperation with the United States. At our request, the PRC conducted a search within Chinese banks for evidence to attack terrorist financing mechanisms. China publicly supported the coalition campaign in Afghanistan and used its considerable influence with Pakistan to urge Islamabad to support our efforts against the Taliban and al Qaeda.

During the President's October trip to Shanghai, Chinese President Jiang reiterated China's support for our efforts in Afghanistan and against al Qaeda. Ambassador at Large for Counterterrorism Taylor headed an interagency delegation to Beijing in December that further broadened areas for day-to-day cooperation with the PRC. China also agreed to our request to create a Counterterrorism Financial Working Group to further strengthen our shared efforts against terrorist financing. Finally, the PRC also agreed to the creation of a Counterterrorism Law Enforcement Working Group, which will have its first meeting in March.

The President's visit will provide an important opportunity to advance our interests in China. In addition to the President's clear focus on the war on terrorism, we will try to expand common ground in critical areas, such as the transnational threat of the illicit drug trade, trafficking in persons, and other crimes. We will speak frankly with Chinese leaders about our differences on issues such as non-proliferation and human rights.

Resolving our Weapons of Mass Destruction (WMD) and missile-related proliferation concerns remains a key goal in our interaction with the Chinese. Although we have raised our nonproliferation questions often and at the highest levels, the re-



sults to date remain disappointing. We believe progress is possible, but progress will depend on the Chinese response. Among the specific actions we seek from the PRC, implementation of its November 2000 commitments not to assist any country in any way in the development of short, medium, and long-range ballistic missiles capable of delivering nuclear weapons comes in first.

We think that the establishment of an export control system covering missile equipment and technology is in China's own interest. It will help prevent countries of concern from developing delivery systems for WMD, which the President has identified as a critical objective in the war on terrorism. We can help China ensure that this is an effective and fully implemented system. Our goal is to influence China to move steadily closer to international standards of nonproliferation. We are ready to do more with China as soon as our counterparts in Beijing demonstrate that they're prepared to address our concerns seriously.

Finally, on human rights, we welcome China's recent release of former Fulbright scholar Ngawang Choephel who was held in prison in China for six years. We also welcome the recent release of China Democracy Party activist Wang Ce (to Spain), and of Li Guangqiang, the businessman accused of Bible smuggling, who returned to Hong Kong over the weekend. We have urged China to make additional releases. We will continue to bring the international spotlight to bear on abuses of fundamental human rights in China. The President has made clear that improvement of human rights in China, including religious freedom, is a priority for this Administration. September 11 won't change that, nor will our nonproliferation agenda, nor will our trade agenda; on the contrary, we believe that efforts to open China up in these other areas will strengthen our efforts to improve respect for fundamental freedoms in China. It's important, and we intend to continue working on it.

I do not underestimate the complexities and challenges of our relations with China, but I am confident that the President will reiterate to the Chinese leadership our strong interest in a candid, cooperative, and constructive relationship that reflects fully American ideals and values.

#### MULTILATERAL COOPERATION

Elsewhere in the region, we are working bilaterally and multilaterally with our friends and allies to combat terrorism. The United States has a strong national interest in a vibrant, cohesive and prosperous Association of Southeast Asian Nations (ASEAN) and is increasingly concerned about the region's vulnerability to terrorist networks. As such, counterterrorism has become a central component in our interaction with ASEAN and the ASEAN Regional Forum (ARF), in addition to the Asia Pacific Economic Cooperation (APEC), which I mentioned at the beginning of my testimony.

In November 2001, ASEAN Army chiefs, meeting in Manila, pledged increased military-to-military counterterrorism cooperation. In December 2001, counterterrorism was the focus of the U.S.-ASEAN dialogue that we hosted in Washington. Plans are underway now for an April 2002 ASEAN regional coordinating conference at the ministerial level in Kuala Lumpur devoted to counterterrorism.

Meanwhile ARF, which consists of 23 states including Russia and the United States, pledged in October 2001 to implement UN resolutions and to cooperate on counterterrorism. At its New Delhi meeting in December 2001, ARF made counterterrorism its primary focus. In cooperation with the Treasury Department, we are planning a spring workshop for senior officials from ARF countries on financial counterterrorism measures. Malaysia will co-host this workshop with us.

Finally, APEC countries, with President Bush in attendance at its October 2001 meeting in Shanghai, pledged to implement UN Security Council resolutions to stop the flow of funds to terrorists, to ensure aviation and maritime security, and to strengthen energy security and customs enforcement. At its Senior Officials Meeting in December, APEC tasked working groups to come up with concrete programs to achieve its collective counterterrorism goals.

#### SOUTHEAST ASIA

I mentioned earlier the importance of building on the trend toward concrete cooperation among the states of the region. This is especially true in Southeast Asia, where we are improving our bilateral counterterrorism relationships, as we encourage greater cooperation among states.

Before getting into some of the key political and security aspects of our policy cooperation with Southeast Asia allow me to review some of economic issues we have been prioritizing. These issues may seem somewhat far afield from the State Department's normal range of frontline topics. Nonetheless, I have joined my col-

leagues at the Treasury Department in pressing on the specific elements of financial and economic reform because of my belief they are critical to the lasting revitalization of Southeast Asia, a region that we cannot afford to let falter.

Although Southeast Asian economies finally rebounded from the trauma of the Asian financial crisis in 1999 and 2000, in 2001 the region again suffered from a sharp downturn. Southeast Asia's economic vulnerability remains largely a function of the region's excessive reliance on external demand—particularly from the United States—as well as the fragility of the major countries public and private finances.

In order to create the grounds for endogenous growth and reduce the vulnerability to financial crisis, all of the major ASEAN countries need to more forthrightly embrace the process of market oriented financial and structural reform, attracting, rather than discouraging inflows of long-term private capital. This means encouraging, rather than avoiding, corporate debt work-outs with foreign creditors, bringing state controlled distressed assets to market in a timely and transparent fashion, and making the tough fiscal choices needed to keep government finances on the road to recovery. It also entails implementing sweeping legal and accounting reform measures, enhancing regulatory transparency, and making a more vigorous attack on entrenched corruption. Through our economic policy discussions and assistance programs we are working to encourage Southeast Asian nations to successfully meet these important reform objectives.

This brings me to my final set of points on the valuable role our friends and allies in Southeast Asia have played in the war against terrorism. We have had very good support from all of the nations in Southeast Asia since September 11th and are now looking to expand our policy cooperation and coordination. There is a great deal of positive activity underway.

In the Philippines, we are working closely with the government of President Gloria Macapagal-Arroyo to eliminate the terrorist threat. U.S. forces have been invited to participate in joint counterterrorism exercises and training activities that will help raise Philippine military capabilities to combat terrorist challenges, in particular the Abu Sayyaf Group, which is holding two U.S. citizens hostage on the island of Basilan in Mindanao province.

I note that U.S.-Philippine military counterterrorism cooperation was in place prior to September 11. In February 2001, the U.S. trained a Philippine counterterrorism light reaction company. The current counterterrorism training exercise for the Philippines builds on that model. Towards the end of its initial phase, the exercise will involve roughly 600 trainers and support personnel at locations in and around the Mindanao area. U.S. military personnel will provide training, advice and assistance to Philippine forces and accompany them on training exercises in combat zones. This is hostile territory and a dangerous mission. As such, U.S. soldiers will be armed and authorized to use force in self-defense.

Our counterterrorism program is in line with enhanced bilateral military cooperation following the Philippines' 1999 Visiting Forces Agreement ratification. Since then, U.S. and Philippine forces have engaged in regular joint training exercises, such as the biennial "Balikatan" exercise, and U.S. naval vessels call regularly on Philippine ports. Reflecting our increasing cooperation, U.S. security assistance funding to the Philippines has risen from \$2 million in FY'01 to \$19 million in FY'02.

In Indonesia, we have welcomed President Megawati's public commitment to support the war on terrorism and her government's cooperation, especially in the law enforcement and financial areas. Our two Presidents committed to increase counterterrorism cooperation in the context of President Megawati's visit to Washington last fall, and we are continuing to explore how Indonesia can improve its counterterrorism capabilities, while respecting and protecting the rights of its people.

Congress' decision to allow Indonesian civilians to participate in expanded International Military Education and Training (E-IMET) programs presents us with an opportunity to expose a new generation of qualified Indonesians to U.S. educational institutions and social values. We welcome this change in policy and plan to take the fullest possible advantage of it to strengthen the rule of law and civilian control of the military. We will also be conferring with the Defense Department and Congress regarding how best to use the funds available in Section 8125 of the Defense Appropriations Act. We want to enhance the rule of law as we pursue counterterrorism objectives with the Indonesians.

In neighboring Singapore, we deeply appreciate the government's active campaign against terrorism as evidenced by its arrest, announced on January 5, 2002, of 15 people who were plotting to bomb American diplomatic, military, and commercial targets. According to the Singapore government, eight of the detainees had attended al Qaeda training camps in Afghanistan. We welcome Singapore's continued co-

operation in the international campaign against terrorism, its support for and quick implementation of UN counterterrorism resolutions, and we applaud this recent arrest because it reflects Singapore's determination to take effective, decisive actions.

In Malaysia, we applaud the government's arrest of a more than 20 suspects, its investigation in connection with an alleged plot to target U.S. facilities, and its cooperation in law enforcement efforts against terrorism on the ground.

Malaysia is also a leader in the pursuit of terrorist financing, having passed strong money laundering legislation long before the events of September 11.

In closing, I should also mention the February 3, 2002, Cambodian elections, held in over 1,600 communes nation-wide. Although pre-election violence (including the murder of over 20 candidates and activists), intimidation, and press access problems lead us to conclude that the elections stopped short of being free and fair, on election day there were no reports of violence or disorder at any of the 12,500 polling stations. There were conflicting reports on whether Cambodians could vote freely and secretly for the party of their choice.

The final results of the elections will not be certified until February 19, 2002 and election-related complaints are still being filed. Nonetheless, the major party leaders said they could accept the results of the election. Preliminary results indicate that the Cambodian People's Party won 60 percent of the popular vote and the opposition Sam Rainsy Party received more votes than ever before. As a result, the Sam Rainsy Party will participate in over 1000 commune councils and the potential for grass-roots democracy in Cambodia has increased. This is a step forward on the road to democracy in Cambodia. The next steps, which we will be watching closely, will be the implementation of these commune council election results and the national elections in 2003.

East Asia is a mosaic of cultures, religions, and political systems. In this complex environment, it is fundamental to our interests to promote continued close and meaningful cooperation with Asian countries as we confront the scourge of international terrorism. Failure in this campaign is not an option that we can be allowed to contemplate. Clearly, this issue will loom large in our relations with East Asia in 2002, even as we continue to pursue parallel interests such as economic reform and recovery, and the promotion of human rights.

Mr. LEACH. First, let me thank you for a very thoughtful presentation, and your full statement magnifies or elaborates on that, and it is something that the Subcommittee is both appreciative and supportive of.

I think it is important that we talk a little bit about language as administrative policy in terms of axis of evil and how it relates around the world. And I would only stress two or three things. One, when the United States is attacked and when the world was challenged by terrorism, I think it is appropriate to be blunt, and lack of frankness would be an error. On the other hand, I think we all understand that "axis" somehow implies alliance, and it would be hard to put these three countries exactly on an alliance status.

Secondly, "evil" implies the difficulty of negotiating with the devil, which in the vocabulary of the western world is sometimes inappropriate; and, therefore, I am very appreciative that both you and the Secretary have made it very clear in an Asian context that you have no preconditions to dialogue, and you are open to negotiations with North Korea. I think that is important.

Also, there is some difficulty in somehow categorizing countries because that implies peoples, and I think the Secretary was wise to elaborate and make it clear there is a distinction between governments and peoples. Governments can be difficult. As far as my own personal sense, it is that the American people have an extremely large desire to have normal relations with the Iraqi, Iranian, and North Korean people, even as we disagree with their governments.

But I think it important to highlight your stress that you are willing in an Asian context to enter into negotiations with the

North. Is there anything you can report in a larger context on that? What do you see occurring or not occurring? What are the prospects of our talks with the South, Japanese, and Chinese with regard to North Korea, and do you think that there is any near-term hope of significant breakthroughs?

Mr. KELLY. I do not know, Mr. Chairman, whether there is very much hope for a significant breakthrough. We remain in very close touch, as you mentioned, with the Japanese and South Korean allies. I was in Seoul for such a meeting, which we have maybe four times a year, during January.

The offer of talks has been made, and the best prospects really would be for further engagement between North Korea and South Korea. In the end, solutions on the Korean Peninsula are going to be best when worked out by Koreans themselves, but the U.S. has interests. We have troops there. We are South Korea's ally, and we are ready and willing to enter into a broad dialogue with North Korea. We hope, of course, first that Chairman Kim Jong Il of North Korea would return the visit of President Kim Dae Jung of June, 2000, and visit South Korea. We hope in the absence of a return visit that some of the things that have been on again and off again, such as family reunification, ministerial talks, and on the transportation corridors that provide some actual promise of economic improvement in the North would continue.

We want to be very careful about how we do use words, as you suggest, but a country that has improved and thrown vast amounts of resources into its military complex while losing perhaps 5 percent of its entire population to starvation is one that brings into serious question what it is about. We have to respect our allies' position and the difficulties of handling this matter, and that is why this offer is on the table, but I cannot be certain on how soon results will take place.

Mr. LEACH. Turning to China, I think it just has to be reiterated that it is well understood on the Hill that the Chinese have been quite cooperative on the principles involved with combating terrorism. We are appreciative of that. We are also appreciative of the Chinese help for some of the Afghan refugee and food issues. It is my sense that this visit of the President is one that is designed to be of a warming nature. Would you agree with that?

Mr. KELLY. That is definitely true, Mr. Chairman.

Mr. LEACH. And my sense also is that all presidencies are a little different, both philosophically and by the nature of the person in the office. This President puts a very high stake on personal relations, and one of the purposes of this trip is to deepen personal relations with the Chinese leadership and the new generation of Chinese coming into leadership. Is that valid?

Mr. KELLY. That is certainly valid. This generational change in China is one of the most fascinating aspects of the country. Generational change is one thing, but we also have a very interesting and significant change in progress at the top of the Beijing leadership group.

Mr. LEACH. One of the things that America has that is unique in the world is that we have citizens from probably more countries than any other country have within our borders. We have Chinese-Americans, Japanese-Americans, and Korean Americans. One of

the issues that ties into this is the tremendous human toll that is occurring in North Korea and the refugees that have sought some sort of sanctuary in China, some of whom are children, some of whom are parentless children, and some of whom would be returned to North Korea if captured or before getting out are put into prison simply for being starved. So they have the equivalent of starvation prisons in the North. Is this an issue that is going to be on the agenda when the President speaks, both in Beijing and South Korea?

Mr. KELLY. Thank you, Mr. Chairman. This is a pretty delicate question. I want to choose my words carefully because we are deeply concerned about the desperate situation faced by North Koreans, including those who temporarily cross into China to find work or food and then return to North Korea. And several nongovernmental organizations are assisting these people, most often by giving them food. North Koreans are suffering because of the harsh conditions in North Korea, and U.S. donations of food aid are helping.

There have been some very significant press stories about North Koreans, whether to emigrate or simply to cross the border in search of food, that have gone into China. I think there is an important role for NGOs. There is a balance to be obtained here because the nature of life in North Korea might motivate a great many people, perhaps almost everybody, to try to get out if they could, and that is feared by the neighbors. So, I think this will be a matter for quiet discussion because it's solution would provide difficulties to our ally, South Korea, and to China as well. We are increasingly becoming interested in this issue.

Mr. LEACH. Do we have a working group in the Administration on the North Korean refugee problem?

Mr. KELLY. We do not have a specific working group on that. It comes up within the context of the relations with South Korea, and it is an ongoing matter that has been under discussion for many months.

Mr. LEACH. Let me just conclude with this set of questions by saying I think this Subcommittee is likely to have in the not-too-distant future a hearing on this issue alone, and I would hope that the department puts some thought into what is the potential role of the United States in this dilemma as well as what we can do with other countries. It is my personal sense that we probably have reached a point of understanding it to a greater extent than ever before. I am not sure that the world community has come up with a good strategy for dealing with it. But this is a matter of really seminal humanitarian significance, and I hope it is raised very seriously on this particular trip of the President's.

Mr. KELLY. Thank you, Mr. Chairman. I will take your advice with me and try to apply it as well. But there is information on this that is under careful consideration in the trip, and we will be ready to respond to the Committee either for informal consultations or formal hearings as you think best.

Mr. LEACH. Thank you. Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman, and thank you, Mr. Kelly, for your testimony. I alluded earlier to Japan's economic problems in some broad sense, and maybe I am among few Members here in Congress that have expressed this concern, but I real-

ize also there is a tremendous sensitivity in terms of how we are to deal with the Japanese leaders.

Concerning Japan's economic situation, there has been such a hype in the media about Enron's \$80 billion collapse and the problems of the 401-Ks and all of this, but somehow our own media does not seem to sense the impact of the situation with Japan's economic condition—with bad loans totaling over \$270 billion and Japan's four largest banks controlling assets of almost \$4 trillion. If the figures are accurate and suggest Japan's economic situation is getting worse, my question is, is the Administration fully committed in some way to act as a safety valve or offer assistance if the situation in Japan does not improve? It has been 12 years now they have had this recession, and they keep pumping money into the economy to assist it, but somehow it does not seem to improve.

I have got some figures here about the Japanese economy—people saved \$11 trillion; it has a GDP of about \$30 trillion; and liquid assets are valued well over \$3 trillion. They also have got well over \$600 billion worth of U.S. Treasury notes here in our own economy. If they decided just to pull out of it, Europe would be directly affected as well.

Maybe I am overreacting to Japan's economic situation, but there has been some indication that this could result in a global recession. If Japan's situation does not improve, it definitely will impact negatively all of Asia's economy and I suppose it will have an impact on our own economy. Am I wrong on this, Mr. Secretary? Is the Administration putting any effort into addressing this? I know Secretary O'Neill was there maybe 2 months ago or a month ago.

Mr. KELLY. Secretary O'Neill was there, as was Secretary Powell in the latter part of January at the time of the Afghan reconstruction conference, and both had discussions with Japanese leaders about economic conditions. Secretary O'Neill, particularly, had talks in depth. You are not wrong about these issues, sir. Perhaps in terms of numbers, the issues may be even more serious than what you suggest. It is an unprecedented situation, much larger in its way than what the U.S. had to deal with with our savings and loan schedule some time ago. As for the media, I was just looking at the *Financial Times*, and they had some pretty dramatic comments just on the front page today.

It is absolutely in America's interest that Japan be economically strong and prosperous, and slow growth does have implications for the U.S. and Japan's neighbors and for developing countries. Now, there is all of this debt. Most of it is owed by Japanese private and public institutions to other Japanese people. So this is essentially a problem that Japan, which has no shortage of smart and competent people, got themselves into and are very capable, I think, of getting themselves out.

Our job, as I mentioned in the statement, is to try to quietly offer helpful advice, offer a sympathetic ear to Japanese officials when necessary, but we are likely to be most successful if we avoid the soap box and being seen as lecturing the Japanese people because, in the end, economic questions like this are also political questions, and this involves very difficult political questions for leaders of Japan to make. As I said, there is an enormous amount of confidence in Prime Minister Koizumi and his plans for reform.

Mr. FALEOMAVAEGA. I want to address a number of subjects, Mr. Secretary. I hope you do not mind.

Mr. KELLY. Not at all.

Mr. FALEOMAVAEGA. Our Nation hosts well over half a million foreign students to attend American colleges and universities throughout our country, and in the aftermath of the September 11th tragedy, is the Administration preparing any guidelines or any structure in terms of how we screen the process? China alone, I think, provides some 55,000 students that comes from the PRC. I am not suggesting that these students are spies. I do not know, but I am just wondering about the screening process; is there a concern in the Administration that some of the foreign students may somewhat be connected with terrorist efforts in this country?

Mr. KELLY. There is concern, and that is not a matter under my responsibility. I am somewhat aware of it. There is a generalized concern about foreign students who may overstay their visas. Frankly, I look with a great deal of pride at the figure that you cite of 55,000 or more Chinese students in the U.S. It is good for our universities, it is good for the people that are involved, and it is good for China.

This is really the cutting edge of the kind of generational change that we are seeing there. And there are many Asian sources—Taiwan, Malaysia, and others—that have sent a great many students to the U.S., and in so many cases they have returned to work very seriously in their home countries. There are stories about “Berkeley mafias” of very well-trained economic people that much more often than not are bringing intelligent economic policies to the countries involved.

So we face this dilemma, Mr. Faleomavaega, of making sure that terrorists are kept out and that these people who have got a lot to offer get to come in.

Mr. FALEOMAVAEGA. I know that there is concern by some of the Members regarding this issue. As you have mentioned the “Berkeley mafia,” this is in reference to the Indonesian government that sent several top students to attend the University of California at Berkeley,—

Mr. KELLY. Yes, sir.

Mr. FALEOMAVAEGA [continuing]. Which happens to be my alma mater, too. They went back and did a tremendous job in turning around the economy of Indonesia. Of course, we cannot say much about what President Suharto did later on, but at least it brought some positive results.

Mr. LEACH. Will the gentleman yield for a moment?

Mr. FALEOMAVAEGA. I would be glad to yield.

Mr. LEACH. There is a competition, and I think it should be understood, but the University of Iowa has the finest writer’s program—[laughter]—in the country, and a number of Chinese have come to the University of Iowa for the writing program and the hydraulic engineering program, and we are very proud of that. But the bigger thing that I think Eni is raising is there is an issue of students. We all understand it, but we have got to be very careful not to disrupt very major, important exchanges like with China, for whom there is no problem of supporting terrorism. And if any-

thing, we ought to be increasing rather than decreasing the Chinese exchanges.

That does not mean that there are some parts of the world which might not have a different problem in the near term, but I see no reason not to put an absolutely major expanded effort, and I would hope that the department is willing to think differentially as it looks at this problem. But the Chinese exchanges, I think, are just critical, and I hope they are emphasized.

America has a huge diversity in our higher education system, and the heartland is very much a part of this and has a very internationalist outlook. As we look at these things, I hope that one does not think that Asian ties are exclusively with the West Coast because it is far different than that. I apologize for—

Mr. FALEOMAVAEGA. No problem.

Mr. KELLY. Thank you, Mr. Chairman.

Mr. FALEOMAVAEGA. I wish there were a million foreign exchange students to come and attend our colleges and universities because this has always been an effective way to resolve so many misunderstandings. And I think this is something that is a challenge for those of us whose origins are from the Asian-Pacific region, being the latest wave of immigrants that have come to this country. There are only about 10.2 million Asian-Pacific Americans that live in our country, despite the fact that two-thirds of the world's population comes from the Asia-Pacific region.

So I just could not be more supportive of this effort, and I do want to commend the University of Iowa. I know of probably no better university that deals with agricultural issues. The world has a tremendous need for that kind of expertise.

I noted earlier, Mr. Secretary, and please advise me, because I am still learning how to speak English, on this phrase "axis of evil." Somehow when the word "axis" comes to my mind, I think of Hitler and Naziism, genocide and the murder of six million Jews. It puts it in that extreme context. A country like Iran went through a tremendous revolution as the shah of Iran was not exactly an angel, which precipitated the people to revolt against the shah. And despite the conditions under the ayatollahs and the problems that Iran now has, it is my understanding that there is a new generation now coming, young with probably not much memory of what the Iranian people went through with the shah.

I do not know. Maybe the President does have a better understanding than I do, but "axis" is a real extreme term. I realize that both Ms. Rice and Secretary Powell have somewhat toned it down to the extent that, yes, we still want to continue dialoguing with North Korea, for example, especially given the sincere efforts that Kim Dae Jung has advocated because, after all, the North and South Koreans are the same people, with the same culture and language.

And I thought that any expression from the most powerful leader of the world—I am not suggesting that he should mince his words about the problems that we have with international terrorism, but to say that the developments politically and socially in some of these countries is equated with those during World War II—maybe I am not using the term "axis" properly here, but I just think that there probably could have been a better term than "axis of evil" in



that context. But I am not going to challenge the President in that respect because English is not my first language.

Mr. LEACH. Mr. Faleomavaega, would “conundrum” be better?

Mr. FALEOMAVAEGA. I would say that any country or culture that advocates terrorism in the worst way as we have experienced in September 11, absolutely, we should fight that. If you examine the term “evil,” it is interesting. When Christians look at Muslims, those who believe in the Muslim faith, they call them barbarians, but those who believe in the Muslim faith call Christians infidels. Now maybe that is the wrong term. Sometimes words portend very, very serious implications, and I just thought that maybe in that context perhaps the President’s term was a little too extreme, but that is my personal opinion, and I may be wrong on that.

Kyoto Protocols. I remember distinctly last year when Secretary Powell was before our Committee, I was the only one that raised the issue of whether or not the Administration had developed a policy concerning the Kyoto Protocols. I recall Secretary Powell said, no, we have not established a policy. This was sometime in May of last year. In a matter of weeks, the policy came out and just debunked the Kyoto Protocols with no support for it. I think it was perceived as unilateralism in that respect.

But now there seems to be a coming back to the issue, and I do not think there is anyone here that disagrees with the idea that the U.S. should not disproportionately carry blame for the global environmental problems that we have in the world today. If we are going to put sanctions or stipulations on the U.S. it should be equitable—even though we produce 25 percent of the world’s greenhouse gases on a daily basis, and I think that is quite a valid point. Why should we be the only ones carrying the burden? In countries like India and China pollution efforts have not been lessened in any way. But my question, Mr. Secretary, is where are we with the Kyoto Protocols? Has the Administration now established a policy of pursuing or making improvements in the Kyoto Protocols, or are we just altogether having nothing to do with it?

Mr. KELLY. I believe, Mr. Faleomavaega, that there will be a pronouncement, I believe, from the White House, perhaps the President himself, I think, later today—it has not happened yet, but it is very soon—that will provide a great deal of additional detail about the problem of global warming and greenhouse gases and the response of this country to that difficulty.

Mr. FALEOMAVAEGA. Taiwan was recently admitted as a member of the WTO, along with the People’s Republic of China. Taiwan also has some very serious health problems, which relates to the activities of the World Health Organization. There is going to be a meeting of the WHO coming up sometime in May of this year, and I was wondering if the Administration will strongly support an effort to have Taiwan be an observer in that organization.

Another organization also that has been brought to my attention is the International Civil Aviation Organization (ICAO), for which Taiwan is one of the main hubs of industry as far as airlines, yet they are not members of this international organization that controls aviation safety and security. Is the Administration supportive? It seems to me if Taiwan is a member of the WTO, I cannot see why it cannot be a member of the WHO as well as ICAO.

Mr. KELLY. I do not know about the ICAO, Mr. Faleomavaega. I will be glad to check that, but, of course, we do think that Taiwan would be able to contribute and benefit from the work of the World Health Organization. In working with the World Health Organization's secretariat and members and Taiwan, we have made progress to secure some practical participation for Taiwan, and we are consulting closely and will continue to do so up to the May 13th to 17th meeting. The decision of exactly how we will work that issue has not been made yet. There are many nonstate entities with observership in the World Health Organization. That is something really that I think Taiwan could, in fact, add to measurably. That position, however, is not shared by many of the members of the WHO, and that is the problem.

Mr. FALEOMAVAEGA. Mr. Chairman, I have one more question.

Mr. LEACH. Of course.

Mr. FALEOMAVAEGA. Refugees. And I know this is a very sensitive issue. In the Pacific region, with the refugees coming out of Afghanistan through Indonesia, and the Australian government has put out a policy of not accepting their refugees. Australia is, I think, about the same size as the United States, with only 19 million people living there. The effort recently was to have other Pacific Island nations accept these refugees, and Australia would pay them for doing so. I can understand that in Australia's national interest you do not want to open up a Pandora's box by allowing these refugees to come to Australia. Where else can they live? What can we do? What is our policy toward refugees?

And I know that this is a sensitive issue, given the fact that for many years Australia had a policy of not accepting any immigrants who were nonwhites, and I think that is where the sensitivity comes into play. If there is a problem here with accepting people from other cultures, and I know that this has not been a very easy situation in Indonesia as well, given the political instability in that country with the problems that it is faced and also with West Papua New Guinea. But I would like to ask you to comment.

Mr. KELLY. Mr. Faleomavaega, it is hard enough for me to speak on behalf of the U.S. government. It is really hard for me to speak on behalf of the Australian government. I can say, though, that the Australian government has taken a great many refugees, that their problem has to do with people who are really illegal immigrants and through payoff schemes are trying to come in through the back door and put themselves in the head of the line on what is, I believe, a rather generous refugee acceptance program. And the notion of racial discrimination against immigrants is also something way in the past in Australia.

So that is about as much detail as I can offer. I think you know that the U.S. yields, though, to no one in accepting refugees of all sorts from all parts of the world, but we also have some problems with illegal immigrants ourselves.

Mr. FALEOMAVAEGA. I realize there is a tremendous sensitivity also with the problems of the largest and the most populous Muslim country in the world, which happens to be Indonesia. With the recent extremist Muslim groups in Indonesia, the Philippines, and also Malaysia, how do you combat international terrorism if all of these groups are involved with al-Qaeda, Osama bin Laden's orga-

nization? How much infiltration has there really been through these Asian countries that do have extreme Muslim activities? With the Philippine government, for example, we have about 160 special forces troops there doing training, and there is consternation on the part of some Philippine leaders since we are there militarily at the President's invitation. I just wanted to ask if you could comment on that.

Mr. KELLY. With respect to al-Qaeda and Southeast Asia, al-Qaeda, as we now know, has had people in cells operating in a lot of places around the world, certainly including our country. The Southeast Asian countries, especially those with sizable Muslim populations, I think, have also had that, and they have done a rather good job of acting against them. There were some recent arrests in Singapore, in Malaysia, in Indonesia, and, of course, in the Philippines. One individual was found there with thousands of pounds of explosives, and who knows which of many targets he was going to aim for? So we appreciate very much the cooperation that we have had.

In addition, these countries also have some indigenous movements that will move in violent directions, sometimes in support of a very fundamentalist Islamic position, and that is a problem for Indonesia, and it is a problem in the Philippines. In the Philippines it is further compounded by the Abu Sayaff group that is not very large but is mixing whatever their political aims may or may not be by seizing all kinds of citizens, including three Americans last May. One was murdered, and two remain hostages in the Philippines.

Now, we are helping the government of the Philippines, at the invitation of the government of the Philippines, to train their forces better to deal with this difficult problem, and that, I think, is what you referred to in the effort that is getting under way now.

Mr. FALCOMAVEGA. Mr. Chairman, I and several Members of the Committee signed a petition letter, requesting President Megawati to conduct a thorough investigation of the murder of one of the top West Papuan leaders, Thays Elvay, who was a man of peace. I would really appreciate it if your office could follow up on this and determine where we are at with the investigation to make sure it is not pushed under a rug or not taken seriously.

Mr. KELLY. With respect to that particular unexplained murder of a very distinguished leader in the eastern part of Indonesia, the western part of the island of Papua New Guinea called Irianjaya or West Papua, we know that case very well, and the embassy and our government continue to inquire and keep in touch with the efforts of the Indonesian government to resolve the source of that murder. It is a very unattractive case, and I share your concern.

Mr. FALCOMAVEGA. Thank you very much, Mr. Chairman. Thank you, Mr. Secretary.

Mr. LEACH. Thank you, Mr. Falcomavega. Mr. Chabot?

Mr. CHABOT. Thank you, Mr. Chairman. I will be relatively brief. I just have a couple of questions relative to Cambodia, Mr. Secretary. Recent local elections in Cambodia were marred by vote buying and preelection violence, including the killing of more than 20 candidates and activists. What is the Administration's view of

the fairness of the elections which took place and what they portend for the national elections in 2003?

Mr. KELLY. Put briefly, Mr. Chabot, those elections failed to meet the standards of free and fair. That said, they were better than the elections we have seen in Cambodia before, and some significant numbers of opposition people were elected to various instrumentalities of local government, which provides some opportunity for improvement. But there was a lot of violence, and there is no way to dress it up. It was not a very attractive situation.

The election itself, however, was conducted with a minimum or very little, maybe even no, violence, and particularly the opposition leader, Mr. Sam Rainsy, seemed quite upbeat, although clearly the government party used its influence to make sure that it won. But there are now opposition people in many positions where there were none at all before.

Mr. CHABOT. Thank you. And also, last week the U.N. pulled out of negotiations with the Cambodian government regarding the establishment of a Khmer Rouge tribunal, alleging that Cambodia would not undertake commitments necessary to ensure the independence and impartiality of the tribunal. Since then, the Cambodian government has stated its intent to forge ahead on its own, soliciting donations of personnel from friendly countries. What is the Administration's view of this issue, and what can the U.S. do to encourage the Cambodian government to cooperate more fully with the U.N.?

Mr. KELLY. We believe there are plenty of grounds for continued discussions with the U.N., and we welcome the Cambodian government's statement that the door remains open for negotiations with the U.N., and we are consulting with other U.N. member countries that have taken a strong interest in having a tribunal. The fact is, accountability for the depredations of the Khmer Rouge is something that is necessary and that Cambodia needs to do. And some acknowledged fair tribunal needs to be constructed, and there are a lot of differing voices about how to do that.

Frankly, sir, we were a little surprised at the U.N. action when it came and we are getting together with other interested parties to try to find some way to put the tribunal back together or perhaps put it back together better than it was before.

Mr. CHABOT. Thank you very much. I yield back the balance of my time, Mr. Chairman.

Mr. LEACH. Thank you, Mr. Chabot. I would like to return to Korea for a second. One prominent Korean scholar, Victor Cha, has written that if the Administration believes that the policy of tough words and benign neglect are sufficient, that we could have a new crisis developing. When you were before the Committee last June, you testified that the Administration was in the process of preparing a road map of reciprocal steps that might lead to more normalized relations with the North. Subsequently, I understand the security council director, Condi Rice, has indicated that the North Koreans have been presented a kind of road map. Is that an accurate presentation, and can you tell us more about it if it is?

Mr. KELLY. Mr. Chairman, the policy, of course, came out on June 6th of last year. We are developing an approach in coordina-

tion with the allies to the negotiations, and this includes the TCOG process. The goal is to encourage—

Mr. LEACH. Excuse me. I think you might want to describe the acronym.

Mr. KELLY. Oh, I will. “TCOG” stands for Trilateral Coordination and Oversight Group. It includes South Korea, Japan and the United States.

Mr. LEACH. “US of A” stands for—“TCOG” is a little more esoteric than that, but it is a three-country negotiated—

Mr. KELLY. Essentially, we are in the final consultations on a road map with our allies that would be the basis that we would enter into discussions with the North Koreans across the range of issues. We are still ready to meet with the North Koreans any time, but in the interim we continue to polish up the exact plan of how we would do so. It would undergo constant revision in that process.

The policy was set by the June 6th document from the President, and that remains fully in effect. We are ready to enter into a dialogue with the North Koreans, emphasizing the issues surrounding the agreed framework, conventional forces, and, of course, the weapons of mass destruction.

Mr. LEACH. Let me turn to a little more definitional work for a second. One of the potentially extraordinary new reaches of American policy—I say “potentially” because at the moment it is rather restrained—is our involvement with the Philippine government in assisting the training of their armed forces. Has the Administration defined precisely our objectives or limits of this particular policy, and is it conjecturing anything higher than modest training? What are the circumstances in which active involvement might be conceivable? Where precisely are we going?

Mr. KELLY. We have defined this quite clearly in limited fashion, and there are no circumstances in which the U.S. would be actively involved. To be precise, we are focusing on raising the Philippines counterterrorism capabilities as a part and in line with our global campaign, and it is all consistent with the security assistance package for the Philippines and the visit of President Gloria Macapagal Arroyo to Washington in the latter part of last year. This cooperation was in effect well before September 11th. In February of last year, for example, the U.S. began training of the Philippine light reaction company, and the current training and exercise, so-called Balikpapan 02-1, builds on that model.

Now, we just this week finished a rather detailed terms of reference of what we do and what the Filipinos do during that process, and it is very clear that we are there in a training role, with American servicemen supporting American trainers, and to assist the Filipinos and the armed forces of the Philippines in their efforts.

Mr. LEACH. Fair enough. Just as words matter in terms of big policy, words matter a lot in terms of smaller policy because they can become big policy, so I am appreciative that you have given some attention to the precision of this. Can you tell us is our concern principally related to the problems of the Philippine government vis-a-vis this particular group? Do we consider them al-Qaeda related in any way? Are we concerned with the Americans that

have been kidnapped? Do we have a primacy of concern here in any of those directions?

Mr. KELLY. I would not establish a primacy of concern on any of those. I think all of those are serious concerns. If there is a primacy, it is the concern for the American citizens that have been held since May 27, 2001. A very fine couple working hard on missionary work in the Philippines were taken from a resort area far, far away from the home territory of this Abu Sayaff group.

Now, the Abu Sayaff groups do, indeed, coincide with al-Qaeda, going back to 1995 and 1996, but I am not aware of any evidence that has them in touch more recently. And, in fact, a lot of the evidence suggests that this is really about money. This group seized many hostages about 2 years ago, and none were Americans, but it is apparent that they made a lot of money off of that, millions and millions of dollars of ransoms paid in a place that is deeply impoverished.

And that is also a part of our effort in responding. We are not just training Filipino soldiers in Mindanao. We are trying to focus some of our assistance programs into helping the conditions in the Southern Philippines that have made Mindanao such a difficult area.

Mr. LEACH. I appreciate that, and I appreciate the limited nature of your intentions here. One of the problems relates to whether we have become complicitous with all of the actions of an allied government. The New York Times, as you know, has run a recent op-ed suggesting that the government might be responsible for some death-squad-type activities. The term "death squad" has a lot of pejorative implications in terms of other events in the last several decades in other countries. Are we concerned that this is a valid situation, a justifiable situation, an aberration that is completely indefensible, or is it a situation that is like this particular op-ed described it?

Mr. KELLY. Well, when the troops are effectively trained, working together, that is when you get away from this sort of cruel activity. I do not know whether those accounts are true or not.

During the 1980s, as you know, we had a lot of participation with the armed forces of the Philippines, and over the years before the departure of the American bases. Without any bases agreement or status-of-forces agreement, there was nothing to speak of going on between our militaries. Now it is starting to climb back but in a very modest way that cannot even begin to be compared, for example, in dollar terms to the interactions that we had 15 or 20 years ago. So this is measured. It is designed to train these units, and part of that training is about not abusing people.

Mr. LEACH. Well, I appreciate that. We all know that there can be a risk to a kind of slope of policy that can get out of hand. On the other hand, there is a risk of not being involved. Just as in some parts of this century the military can be oppressive, in other parts there are solid examples where professional military have been forces of progressive change. It is hard to want to generalize, but I think a lot of attention has to be carefully given to this issue.

Let me just turn to one last country for a second, and that is Myanmar. There are indications of a slight possibility of some change in government policy and that perhaps there may be a new

dialogue that is serious between Aung San Suu Kyi and the government. Are we in any way taking part in encouraging this? Are we prepared to have a change in policy toward this country if we see some steps toward the possibility of democracy building, or are we holding out any leaves of hope and help if that does not occur?

Mr. KELLY. Well, we are actively engaged in Burma in support of the effort of the Malaysian diplomat, Mr. Rasali bin Ismail, U.N. Special Envoy for Burma, who is making regular visits. We are aware that there are some fairly serious talks going on between Aung San Suu Kyi and the government of Burma. We are also aware that a sizable number of prisoners have been released, a good many of them before their term was over, and we are happy to see that. But the path has been relatively slow, and so at this moment we are not considering lifting any of the network of sanctions that apply to Burma at this time.

The policy has been that we would only consider lifting the sanctions after the military government has taken substantive steps toward political reform and national reconciliation and some form of transition to civilian rule, and we submitted a report to the Congress not long ago on that. But we are not foreclosing any of these matters for the future. In fact, I think there is some basis for guarded optimism. I said that to the Committee when I was here 9 months ago, and it has been on a slower track than I think we had hoped.

Mr. LEACH. Thank you. Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. And just to follow up on the issue of Myanmar, as you know, the ASEAN countries do recognize Myanmar. In fact, it is a member of the ASEAN group of nations. As I recall a couple of years ago, in meeting with the Foreign Minister of Thailand, we raised the issue of Myanmar. We said, how can you possibly give assistance to a country like Myanmar, if you do not at least dialogue with them or keep a sense of communication with them? I wanted to ask you if it is consistent in our policy to recognize totalitarian governments like communists, and is it any different from being a government that is controlled by the military, a junta? How different is Myanmar from other governments that we currently recognize that are not democratic?

Mr. KELLY. We are not out of contact, official and unofficial, with the government of Burma, or "Myanmar." And the terms, of course, get tossed around, and essentially our feeling is that it was the military government that asked everyone to start using the new name, and we do not want to give them extra credit after the way that they came to power.

Burma has an Ambassador and a diplomatic mission here whom we see regularly as part of ASEAN. We, of course, have a mission headed by an excellent and experienced charge d'affaires in Rangoon, and she is in frequent and regular touch with the government and also with opposition leaders as well. And so this is a pretty slow process, but it is one we are actively involved in and hopeful toward.

Mr. FALEOMAVAEGA. Would your office have any objection if the Chairman and I are invited by the Myanmar government to come and visit them?

Mr. KELLY. None. We would, in fact, be delighted.

Mr. FALEOMAVAEGA. Mr. Chairman, probably no issue is more sensitive, I think, in the Asia-Pacific region than the issue of nuclear weapons and nuclear testing. This is due to the fact that the Japanese people experienced a very negative situation with Nagasaki and Hiroshima, and the fact that we detonated over 66 nuclear bombs, hydrogen bombs, in the Marshall Islands, and the fact that French government also detonated over 200 nuclear explosions in the South Pacific. Now the latest report—I do not know if the media is accurate in its reporting—holds that the Administration is now thinking of conducting nuclear testing again.

I would very much like to ask, Mr. Secretary, if there is any truth to these reports because this automatically gets into the non-proliferation treaty and the nuclear test ban treaty. You have also got the problems of Pakistan and India. Is the Administration willing to do this by pressing forward with a decision to conduct nuclear testing again? Low yield is what I understand it to be. I do not know what it means to be low yield if the purpose is to kill somebody, vaporize them, I suppose.

Mr. KELLY. This is a technical area, Mr. Faleomavaega, of which I am not very well informed and have very little responsibility. The U.S. continues to refrain from testing nuclear weapons. Now, regarding the technical aspects that you ask about, I will try to respond more directly and specifically for the record.

Mr. FALEOMAVAEGA. So there has been no definite decision by the Administration to resume nuclear testing.

Mr. KELLY. I am not aware of anything.

Mr. FALEOMAVAEGA. Tuna. What does this have to do with our Committee, Mr. Chairman? There is an Andean Trade Agreement pending in the Congress under which we give special trade consideration to the Andean countries like Colombia, Ecuador, Venezuela and Peru. One of the proposals is to import canned tuna duty free to the United States from these Andean countries. This is a way to help them solve their drug-trafficking problems. Recently, they discovered 450 cases supposedly containing canned tuna shipped from Ecuador to Spain, only it happened that cocaine filled these canned tuna containers.

Now, the Southeast Asian countries recently sent a letter to Secretary Powell saying that we are now in a situation where there is not a level playing field as far as the importation of canned tuna from the Asian countries, and I was wondering if you would care to comment. I say this because my congressional district happens to have the largest tuna canning facility in the world, and I just wanted to know where the Administration stands on the Andean trade agreement and what we are trying to do to be fair to our Asian friends like Thailand, the Philippines, and Indonesia.

Mr. KELLY. I love tuna, Mr. Faleomavaega, in the ocean, and I love to eat it, but I am very poorly informed. I will have to take your question for the record.

Mr. FALEOMAVAEGA. Please. I would appreciate that. Mr. Chairman, thank you, and thank you, Mr. Secretary.

Mr. LEACH. Let me just conclude by reference to one of the issues Eni has raised, and that is the nuclear issue does have particular resonance in Asia. It is astonishingly significant now for a region



just outside this Subcommittee's jurisdiction in the Indian and Pakistani range. One of the most irrational decisions in the history of the United States Senate was the turn down several years ago of a comprehensive test ban. A tentative decision appears to have been made within the Administration not to pursue a test ban at this time.

In the wake of 9/11, as well as in any sense of the history of the world and what is different about these times, which means, not unremarkably, the existence of weapons of mass destruction, I would hope that everybody in the Department of State would reassess the test ban issue and that it is a responsibility that comes from many different directions. You are not principally responsible in that area, but you have a modest degree of responsibility. And for this Administration to be influenced by a Senate vote that was totally unrelated to the statements given on the record, which all had some reason to oppose a test ban, but was totally rooted in lack of respect for a particular President of the United States, a former one, and national security policy, is astonishing.

There is a very different sense for this President. There has also been a tremendous, steady increase in capacity for verification, which is always going to be imperfect but is as close to strong as there is in any area of arms control, and I would certainly urge on the department a reassessment of the test ban. And if you do not meet it, and I mean you, the department, who else is going to? And I just think the department cannot continue to duck this issue.

Eni has raised it from a South Pacific perspective as well as a Japanese and Indian and Pakistan, but from many other perspectives, and I just think that reminders are always appropriate. And I know you cannot respond on this, but I hope you take this back because it is very serious. And I would also tie into this the weapons-of-mass-destruction issue because terrorism is a universal problem of which there are some aspects in the Asian region. But there was a tentative, and I am using this as carefully as I can because it appears to be more than tentative, decision not to proceed with increased verification provisions of the Biological Weapons Convention, a convention that dates back to '72 and one which I was on the negotiating team.

If there was an irrational act and decision of this Senate this last century, the first most irrational act of the executive branch in the 21st century relates to that. And I again would say that the Department of State really has a responsibility to reassess this. Again, your involvement in this is very minor, but if it is not started somewhere and State does not lead it, I do not know where else. And I realize this is more for your Secretary, with whom I have raised this, but you are part of the leadership structure at State, and I just want to as strongly as I can say that you have got to reput your thinking caps on, and 9/11 has underscored it. I hope you do.

It is all part and parcel of this bigger issue that the world is very concerned about. We tip toe around it, but we have got to be really careful, whether we are going to be unilateralist or whether we are going to want to lead the world in a multilateral way. And there is not any American that does not recognize that there are times and places where we have to be a principal actor, but by the same

token there are many times and places that we have no choice but to work with others, and it is in our tremendous interest to do so.

And I cannot think of two more symbolic ways that are so completely in the United States' national interest to do so than upgrading verification in the Biological Weapons Convention and a comprehensive test ban. Eni has put me on a soap box that I had not intended to raise, but I do hope that the department takes note.

Mr. KELLY. Thank you, Mr. Chairman. I will take your concerns back. I know there are serious questions about the adequacy of verification, I think, in both treaties, but I will convey your very obviously sincere and heartfelt comments to the people responsible.

Mr. LEACH. Well, I appreciate that, but I think maybe there is a misunderstanding in the statement. The United States government turned down the verification increase in the Biological Weapons Convention because it was too intrusive, not that it was not intrusive enough. That is an irony that I am astonished by.

Mr. KELLY. I think it was intrusive, Mr. Chairman, only for those states that declare all of their facilities. The ability to intrude into those states that had not acceded to the treaty or who had not declared facilities, I think, was far more limited.

Mr. LEACH. That is valid, but it also increases your legal right and moral persuasion to act in the case of those that are non-cooperative. And after all, this world is saying if we are going to act, we have to have our actions rooted to the maximum extent possible in international law, and to turn down that tool at this time is even more astonishing.

Mr. FALEOMAVAEGA. Mr. Chairman.

Mr. LEACH. Yes, of course.

Mr. FALEOMAVAEGA. I still recall the sentiments expressed by the late Prime Minister of India, Rajiv Gandhi. When India first exploded its nuclear bomb in 1974, he personally made an appeal before the United Nations general assembly that India had the capability to explode nuclear bombs, but that was the only time that India had done so with the sincere hope and desire of bringing the nuclear powers to bear the responsibility of what weapons of mass destruction really mean to the whole global community and with the hope that we are serious about a nuclear test ban and non-proliferation of nuclear weapons.

And I am not being a pacifist, but the understanding that weapons of mass destruction really have not, at least in my humble opinion, changed the world much as far as having armies killing each other off and all of this, but I think this one particular issue does strike a very sensitive nerve. For all of the years, a country like India has made a very sincere effort to see that we do ban nuclear weapons altogether. And I seem to sense, Mr. Chairman, the sentiment and sincere hope of the world community, is that nuclear countries that do have these weapons will also join collectively to get rid of these weapons of mass destruction.

Now, of course, there is a lot of disagreement, especially among those who consider that this is a very important deterrent and that we will continue to have them. Maybe so, but I think from our own sense of experience, like I said earlier, about what we went through in the Asia-Pacific region, this is something that Europe has never experienced or other regions of the world.

I still bear the sentiments and the hope that Mr. Gandhi expressed before that United Nations general assembly meeting in 1974, and I hope that there may be a more constructive process in seeing that weapons of mass destruction be taken away from this planet as much as we can. Thank you, Mr. Chairman. Thank you, Mr. Secretary. I know it has been a long hearing, so I appreciate all of the responses that you have given to the questions raised.

Mr. LEACH. Thank you. We will conclude. I only have one sentence to add on to Eni's line. If we are serious about an antiterrorism policy, we have got to look at the arms control.

In any regard, let me say, you, sir, have served this country with great distinction, and your testimony today has been profound. We are strongly supportive of your leadership, and we are very hopeful that this is going to be a very positive visit of the President's to the region.

Mr. FALEOMAVAEGA. Let me just tell you, Mr. Chairman, I echo your sentiments regarding the commitment of this gentleman not only to his job but certainly in service to our nation. We were together in East Timor observing the elections where the Timorese people have tried earnestly to bring democracy to that area of the world, and I certainly appreciated Mr. Kelly's presence and contributions.

Mr. KELLY. It was a great experience.

Mr. FALEOMAVAEGA. I really appreciate it.

Mr. KELLY. Yes, sir.

Mr. LEACH. Thank you. The Committee is adjourned.

[Whereupon, at 11:58 a.m., the Subcommittee was adjourned.]



## APPENDIX

### MATERIAL SUBMITTED FOR THE HEARING RECORD

QUESTIONS FOR THE RECORD SUBMITTED TO THE HONORABLE JAMES A. KELLY, ASSISTANT SECRETARY OF STATE, BY THE HONORABLE JAMES A. LEACH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA, AND CHAIRMAN, SUBCOMMITTEE ON EAST ASIA AND THE PACIFIC AND MR. KELLY'S RESPONSES

#### JAPAN

*Question:*

SECURITY ISSUES. *Prime Minister Koizumi has done an exceptional job in leading Japan's response to the Sept. 11 terrorist attacks on the US. Among other steps Japan has taken, its decision to send naval vessels to the Indian Ocean to assist the US marks the first time in the postwar era that Japanese forces have participated in an ongoing military campaign. And there are other signs of a new Japanese assertiveness on security policy—from revising peacekeeping legislation to the sinking of a North Korean spy vessel in the Sea of Japan.*

- *What do these developments mean for the evolution of Japan's international security policy? What outcome(s) are preferred by the US?*
- *Can Tokyo successfully engage in an enhanced security role in the region without first adequately addressing the historic legacy issues from the Second World War with its neighbors—including textbooks, compensation for slave labor, comfort women, and paying respect to the memory of convicted war criminals?*

*Answer:*

The U.S. supports the actions Japan has taken in response to the September 11 attacks, especially its active participation in Operation Enduring Freedom through its provision of rear area support. Japan has been providing valuable refueling and transportation services to the U.S. and is thus making a significant contribution to the counterterrorism campaign, although in a noncombatant form. Japan quickly passed new legislation to enable it to make this contribution and did so despite strict constitutional and legal limitations on its ability to engage in military activity.

Japan's response to the September 11 attacks and its decision to engage militarily show that Japan, like the U.S. and its other allies, understands that in this era of terrorism and asymmetric threats, traditional Cold War-era security policies based on bloc-to-bloc confrontation no longer completely apply. Japan, as its leaders have said several times since September 11, understands that the September 11 attacks were not only attacks on the U.S. but also attacks on all countries sharing the U.S. commitment to freedom, democracy, and human rights, and the U.S. abhorrence of the goals and methods of international terrorism.

The U.S. welcomes the advancements in Japan's international security policy represented by the Japanese response to the September 11 attacks. The U.S. would like Japan to continue to adopt defense policies flexible enough to allow it to join rapidly with the U.S. and our other partners in responding militarily to the range of crises that could arise in the current threat environment. Japan's success in responding to the September 11 attacks may thus serve as a model on which Japan can build in crafting a security policy corresponding to present and future threats.

The U.S. believes that Japan can play an enhanced role in regional security and at the same time address concerns about World War II legacy issues. Some of Japan's Asian neighbors have expressed concerns about the possibility of a remilitarized Japan but there has been no significant opposition to its decision to engage militarily after September 11 or the form that such engagement has taken. That is because the Japanese carefully and transparently took a number of steps prior to

deploying forces to Operation Enduring Freedom. They consulted closely with the U.S. and other parties, taking into account international consensus and the actions of the United Nations and other international organizations. Prime Minister Koizumi met with the leaders of several countries in the Asia-Pacific region soon after September 11 and explained Japan's reasons for joining the counterterrorism coalition. Japanese leaders and experts traveled to South Asia and the Middle East and consulted with counterparts there. Domestic debate in Japan was conducted openly and vigorously.

Given Japan's post-war domestic limitation on military activity, which is enshrined in its constitution and laws, and its awareness of the concerns of some of its neighbors, it is unlikely that Japan would act militarily in another case or undertake a general enhancement of its security posture without demonstrating the same care and transparency it displayed in deciding to act in response to the September 11 attacks.

At the same time, the U.S. believes that Japan can continue to work with all states in the Asia-Pacific region on concerns about Japan's World War II legacy. Demonstrating an active yet responsible approach to regional security is one way that Japan can help dispel its neighbors' historical concerns.

#### CHINA

##### *Question:*

*DEFINING US POLICY. Despite a recent warming in bilateral relations, Beijing probably continues to harbor uncertainties about Bush administration policy toward China. In this context, could you elaborate on the administration's "candid, cooperative, and constructive" description of its approach to Sino-American relations and succinctly describe the long-term objective of US political and economic engagement with China?*

##### *Answer:*

Our policy is designed to promote the American people's fundamental interest in peace and prosperity in the Asia-Pacific region. Moreover, American farmers, consumers, businessmen, bankers, insurers, shippers, and airline companies and many others all have tangible and significant interests in a vibrant and expanding relationship between the United States and China.

That said, we have differences on important issues such as Taiwan, nonproliferation, and human rights. There are significant differences between our cultures, our means of organizing socially and politically, our histories, and our views of individual rights. As the President made clear in Beijing earlier this month, we believe that our interaction with China can help bridge some of these differences to the mutual benefit of our two peoples. In those areas where a narrowing of differences is not possible, our candid approach is to ensure the Chinese understand our enduring sense of confidence in our views.

Over time, China has drawn itself increasingly into the global mainstream on trade, transnational, and security issues. We believe that is a natural and healthy trend and we support China's further development as a responsible member of the community of nations.

##### *Question:*

*CHINA/NORTH KOREA. At any given time, there are reportedly more than 100,000 North Koreans inside China, where they have fled to seek food and temporary refuge. Is China complying with its international obligations to allow the UN High Commissioner for Refugees to visit and process those migrants? What more can the United States do to encourage China to allow the identification and resettlement of North Korean refugees?*

##### *Answer:*

We are deeply concerned about the situation faced by North Koreans, including those who temporarily cross into China to find work or food and then return to North Korea.

Several non-governmental organizations are providing food and other assistance to these people.

North Koreans are suffering because of the famine, failed economic policies, harsh conditions and the denial of fundamental human rights by the North Korean regime.

U.S. donations of food aid through the World Food Program played a significant part in helping millions in North Korea survive an extended period of: famine or

near-famine conditions and continue to provide a minimally acceptable diet to children, pregnant women and the elderly.

China's willingness to permit North Koreans' temporary stay in Chinese territory has been helpful. There have, however, been reports of forced repatriation. A need remains to screen these people to determine which face danger of persecution if returned and, therefore, qualify for refugee status. We support a low profile approach to encourage the PRC to work with UNHRC and to discourage PRC refolement of North Koreans in China.

*Question:*

UN COMMISSION ON HUMAN RIGHTS (UNHRC). *The annual session of the 53-member UNHRC will be held in Geneva from March 18 until April 26. With two exceptions, ever since 1990 the US has unsuccessfully sponsored a resolution in Geneva criticizing China's human rights record. However, last year the US lost its seat in the UNHRC. Nevertheless, will the US seek to introduce, and seek support for, a China resolution at the UNHRC again this year?*

*Answer:*

Because we are not members of the UNHRC this year the U.S. cannot introduce resolutions at the upcoming session in Geneva. We have continued to advocate that all of our allies and friends use opportunities like the UNHRC to express international concern about China's record on human rights.

The President has kept the international spotlight on China's human rights practices, most recently during his February 21–22 visit. Regardless of the outcome at the UNHRC in Geneva, we will continue to promote respect for fundamental rights in China.

*Question:*

MILITARY-TO-MILITARY EXCHANGES. *What is the status of U.S. military exchange programs with the PRC? What policy principles does the US apply in considering military exchange programs with China? Are the same principles the U.S. applies to other countries, or are they unique to China?*

*Answer:*

We respectfully suggest that questions concerning policy principles for military exchange programs be directed to the Department of Defense.

*Question:*

ACADEMIC/CULTURAL EXCHANGE. *According to James Feinerman, Associate Dean for International and Graduate Programs at the Georgetown University Law Center, there has been a remarkable opening of China to educational exchange and increased access for foreign researchers. "Yet despite these gains, the State Department and other federal government agencies now provide less than half the support for bilateral exchanges between the US and China that they gave in 1988 . . . we devote 1/40 of the amount targeted in the federal budget for such aid to Central and Eastern Europe and the former Soviet Union to academic and cultural exchange with China. Given the at least equal strategic importance of China and its vastly larger population, such parsimony is inexplicably short-sighted." Please comment.*

*Answer:*

There is a reason for the disparity in the figures cited when comparing exchanges budgets for Eastern Europe and for China. USG-funded exchanges programs in China, including the Fulbright scholarly exchange and grants to private cooperating institutions, have remained nearly steady (in real dollar terms) over the last ten years. But they have not grown. In contrast to this, Congress made available a huge increase of funds—through the Freedom Support Act and Assistance for Eastern Europe and the Baltic States (SEED)—for areas of the former Soviet Union and its European client states. No such systematic and large funding increases were made for exchanges with China—or for any other part of the world, for that matter. Thus arose the disparity noted by Dr. Feinerman: In 2002, the total program budget for SEED was roughly \$600 million, for Assistance to Independent States of the Former Soviet Union, \$800 million. On the other hand, the entire 2002 worldwide budget for the State Department's Bureau of Educational and Cultural Exchange was \$237 million, of which the China program was a small part.

## THE KOREAN PENINSULA

*Question:*

COMPREHENSIVE ENGAGEMENT. *The President's State of the Union address appeared to suggest that the paramount security concern of the United States toward North Korea is its development of weapons of mass destruction and their means of delivery. In this context, please re-state, in order of priority, the concerns underlying the administration's "broad agenda" for bilateral discussions with North Korea.*

*Answer:*

The Administration seeks serious discussions with North Korea on a broad agenda to include improved implementation of the Agreed Framework; verifiable constraints on North Korea's missile programs and a ban on its missile exports; and a less threatening conventional military posture. The Administration intends to pursue discussion on these and other issues of concern, including terrorism, humanitarian issues, and human rights, in the context of a comprehensive approach to North Korea. If North Korea responds affirmatively and takes appropriate action, we would be prepared to take appropriate steps which would help North Korea to integrate into the world economy and ease the plight of its people.

*Question:*

AGREED FRAMEWORK ON NUCLEAR NONPROLIFERATION. *Is North Korea currently in compliance with its obligations under the Agreed Framework?*

*Answer:*

The Administration is carefully reviewing whether to recommend that the President certify or waive the certifications regarding the DPRK required by the FY 2002 Foreign Operations bill. Once concluded, those findings will be provided to Congress.

The Agreed Framework is a mechanism for bringing the DPRK into compliance with its obligations under the Non-Proliferation Treaty (NPT). To do that, North Korea must cooperate with the International Atomic Energy Agency (IAEA), accept implementation of its IAEA safeguards agreement, and permit the IAEA to verify the completeness and correctness of the DPRK's initial safeguards declaration, which should cover all nuclear facilities and special nuclear materials, including separated plutonium.

The IAEA maintains a permanent presence at Yongbyon and, based on its monitoring activities, believes that since November 1994 the DPRK has been complying with the nuclear freeze provisions at its declared facilities according to the Agreed Framework. Apart from maintaining the freeze, the DPRK has not taken additional steps to cooperate with the IAEA's verification work. We believe the DPRK must begin to act.

Under the terms of the Agreed Framework, "when a significant portion of the light-water reactor (LWR) project is completed, but before delivery of key nuclear components, the DPRK will come into full compliance with its safeguards agreement with the IAEA." It will take several years for the IAEA to complete its work. That makes it imperative for the DPRK to start the process or risk unacceptable delays in Agreed Framework implementation.

The U.S., under the Agreed Framework, provides the DPRK 500,000 tons of heavy fuel oil (HFO) annually to offset the foregone output from North Korea's frozen graphite-moderated nuclear reactors. KEDO's monitoring arrangements, along with other means, indicate the HFO has largely been used in the manner prescribed by the Agreed Framework.

*Question:*

AGREED FRAMEWORK/KEDO. *Before providing additional funds to KEDO (the Korean Peninsula Energy Development Organization), U.S. law requires that the President either certify certain things to Congress or exercise a waiver based on the "vital national security interests of the United States." Among other things, the certification must include assurances that North Korea is continuing to make "significant progress on eliminating the North Korean ballistic missile threat," including missile exports. Could the administration make such a certification in current circumstances? Will the President be exercising his waiver authority this year?*

*Answer:*

We have expressed serious concerns that the DPRK continues to develop and sell missiles that could carry weapons of mass destruction. While observing the missile flight moratorium it announced in September 1999, the DPRK continues to develop, produce, and export ballistic missiles. We have offered to resume dialog on this and



other issues of concern anytime, any place, without preconditions, but North Korea has yet to respond positively.

As to the question of certification, the Administration is carefully reviewing whether to recommend that the President certify or waive the certifications regarding the DPRK required by the FY 2002 Foreign Operations bill. Once concluded, those findings will be provided to Congress.

#### THE PHILIPPINES

*Question:*

PHILIPPINE DEATH SQUADS? *In a February 12 op-ed in the New York Times, Nicholas Kristof asserts that members of the Philippine military are responsible for death squads that are terrorizing the island of Basilan. What information does the Department have about such alleged death squads?*

*Answer:*

The Department has no specific information on this allegation. We would note that specific information on alleged human rights violations in Basilan, where the Abu Sayyaf Group (ASG) currently holds two American and one Filipino hostage, is particularly difficult to obtain. In our 2001 Human Rights Report, we described the so-called "Davao Death Squad" allegedly sanctioned by local authorities in Davao City. We had not heard any reports of a similar "death squad" in Basilan. Neither the Philippine government's independent Commission on Human Rights (CHR) and Task Force Detainees of the Philippines (TFDP), a leading human rights NGO, has any information on a Basilan "death squad." The CHR Chair has instructed the regional CHR office in Zamboanga to investigate the allegation.

In our Human Rights Report for 2001, we stated that "members of the security services were responsible for extrajudicial killings, disappearances, torture, and arbitrary arrest and detention; there were allegations by human rights groups that these problems worsened as the Government sought to intensify its campaign against the terrorist Abu Sayyaf Group."

We also stated in this report that "in September (2001), a fact-finding mission deputized by the Deputy Speaker of the House of Representatives reported seven incidents in Basilan between July and September that resulted in the extrajudicial killing of ten suspected ASG members by AFP personnel and armed Civilian Armed Forces Geographic Units. In addition, the fact-finding mission documented incidents of torture, arbitrary arrest and detention, and destruction of civilian homes."

We have no other reports, alleging human rights abuses in Basilan. CHR and TFDP are investigating and will report on these allegations.

#### INDONESIA

*Question:*

COOPERATION ON TERRORISM. *How would you assess Indonesia's cooperation with the U.S. campaign against terrorism, in terms of law enforcement activities against suspected terrorists, intelligence sharing and financial cooperation?*

*Answer:*

President Megawati in her Joint Statement with President Bush publicly committed her government to support the war on terrorism, and members of her administration have subsequently reaffirmed that pledge. We welcome this commitment and continue to pursue ways for achieving concrete outcomes as the war on terrorism unfolds in Southeast Asia. The Government of Indonesia has cooperated with the United States in our counterterrorism efforts, including in the law enforcement and financial areas. There is progress yet to be made. We will seek to expand this cooperation and to provide counterterrorism assistance to Indonesia that will achieve meaningful results. We are also encouraged by the range of counterterrorism actions taking place in Southeast Asia, including regional agreements to cooperate to tighten immigration and border controls, share intelligence and step up law enforcement.

*Question:*

COUNTER-TERRORISM/HUMAN RIGHTS. *The recently-passed Defense Appropriations bill for 2002 creates a new \$17 million Regional Defense Counter-terrorism Fund. With respect to Indonesia, will those funds be subject to the same human rights conditions that currently govern U.S. military assistance to that country (the so-called "Leahy Amendment" restrictions)? What role will the State Department have in deciding whether those funds may be used to assist the military of any particular country?*

- *In your previous testimony before this Subcommittee, you stated that the Administration was committed to respecting the Leahy conditions on U.S. cooperation with the Indonesian military. Is that still the case?*

*Answer:*

When they met last year, Presidents Bush and Megawati agreed the U.S. can help Indonesia improve its counter-terrorism capabilities; whether this might involve interaction with the TNI is under review. The Department of Defense has not yet announced how it will implement the Regional Defense Counter-terrorism Fellowship Program (the Stevens-Inouye amendment) or what countries it will include. The State Department will consult closely with the Department of Defense on the uses of this program, and the Administration will consult with Congress as this program is implemented.

All potential participants in this or any other DOD training program will be subject to established human rights vetting processes contained in both the Foreign Assistance Act and the Defense Appropriations Bill.

Restoration of fully normal military to military cooperation with Indonesia is contingent on the Indonesian armed forces (TNI) improving its human rights practices and pursuing accountability for past abuses. We will continue to consult with Congress on changes to our military to military ties with Indonesia.

*Question:*

*I understand that last year there were 400 qualified Indonesian applicants for participation in the Fulbright program, but that the Department only budgeted for 15 and of this number 12 actually took part in the program. Is that accurate? More broadly, what plans, if any, does the State Department have for expanding cultural and educational exchange programs with Indonesia?*

*Answer:*

The American Indonesian Educational Foundation received about 200 applications from Indonesians meeting minimal qualifications for participation in last year's Indonesia Fulbright Student Program. After a rigorous review of the applicants' courses of study, grades, and English language comprehension, which ensures that Indonesian Fulbright students have the ability to succeed in U.S. universities, the Fulbright program was able to place 26 new Indonesian students in U.S. universities. The Indonesian Fulbright program also includes six Visiting Scholars in American universities and 24 Indonesian students studying in the U.S. for a second year on grant renewals.

With respect to expanding cultural and educational exchange programs, the Department has prepared a request for supplemental funding which includes support for increased exchanges with Indonesia. Should this funding materialize, the Department has a prioritized list of cultural and educational exchange proposals that can be quickly implemented.

#### VIETNAM

*Question:*

*MONTAGNARD REFUGEES. In January 2002, Vietnam, Cambodia, and the UNHCR reached an agreement for the repatriation of Montagnard refugees who had fled into Cambodia following a violent crackdown by the Vietnamese government last year. Does that agreement ensure that those repatriations are voluntary, and that refugees are allowed to apply for asylum? Does UNHCR have the unhindered access to the Vietnam central highlands that would allow it to monitor the safety of returnees?*

*Answer:*

While the tripartite agreement does not have language that explicitly mentions that repatriations are voluntary, UNHCR officials have assured us that the UNHCR would not participate in any repatriations that were not voluntary. To date, 76 Montagnards have voluntarily returned to Vietnam. (15 of the Montagnards returned to Vietnam under UNHCR supervision, and 61 traveled independently.) On February 22, Cambodian and Vietnamese authorities visited a UNHCR camp in Cambodia's Mondolkiri province, at which time these officials told the Montagnards that they would be repatriated to Vietnam by April 30. Actions at the time by the Cambodian security forces in the camp were intimidating and coercive. In response, the UNHCR has warned Cambodia and Vietnam that setting such a deadline jeopardizes the voluntary nature of repatriations and is not in keeping with the tripartite agreement.

The Vietnamese government has also suspended UNHCR visits to the Central Highlands. The UNHCR has made it clear to the Vietnamese government that

UNHCR access to the Central Highlands is a precondition for any further voluntary repatriation of Montagnard persons of concern in Cambodia. The U.S. supports the UNHCR positions regarding access to the Central Highlands and voluntary repatriation, and calls on Vietnam and Cambodia to allow the UNHCR to carry out its duties with respect to the protection of refugees. We believe that third country resettlement, including in the United States, must be available for those refugees who choose not to return to Vietnam.

## BURMA/MYANMAR

*Question:*

NUCLEAR RESEARCH REACTOR. *I understand Burma may be interested in purchasing a medical research reactor from Russia. Are reports to this effect accurate? What is the position of the U.S. government on this issue? Is it probable that the sale will proceed? If so, would IAEA safeguards apply? Please comment.*

*Answer:*

We believe no deal has yet been reached between Russia and Burma on the reactor purchase, but believe it is possible in the near future. We understand the reactor in question is a small reactor designed for medical research purposes and not capable of producing weapons-grade fissile materials. However, we remain concerned that the Government of Burma would expend such a large amount of foreign reserves on this purchase while maintaining that they do not have sufficient funds to provide healthcare, education and basic human rights for their citizens.

Burma is a party to the Nonproliferation Treaty (NPT) and has accepted International Atomic Energy (IAEA) safeguards on the totality of its nuclear projects. We expect Burma to live up to these obligations. Russian Nuclear Suppliers Group obligations would allow it to supply the reactor only under those conditions. We are in contact with IAEA and will work with it to ensure that international safety standards are met should the purchase take place.

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QUESTIONS FOR THE RECORD SUBMITTED TO THE HONORABLE JAMES A. KELLY, ASSISTANT SECRETARY OF STATE, BY THE HONORABLE ENI F.H. FALEOMAVAEGA, A REPRESENTATIVE IN CONGRESS FROM AMERICAN SAMOA AND MR. KELLY'S RESPONSES

*Question:*

*Taiwan is not a member of the International Civil Aviation Organization, the international organization that controls aviation safety. Is the administration supportive of Taiwan becoming a member of ICAO?*

*Answer:*

The International Civil Aviation Organization (ICAO) requires statehood for membership, as do all United Nations specialized agencies. Taiwan has expressed interest in observer status at ICAO, which it believes would help improve aviation safety in Taiwan and protect its international civil aviation-related interests.

For years, the Federal Aviation Administration has worked actively with its Taiwan civil aviation counterparts to ensure the safety of air traffic to and from Taiwan. In addition to our wide range of bilateral cooperative activities with Taiwan, the FAA transmits ICAO documents to Taiwan when requested. Taiwan carriers can convey their concerns to ICAO through an international aviation trade association that has observer status within ICAO. Taiwan authorities do not have a direct way of conveying their concerns to ICAO.

The Administration supports the goal of increasing Taiwan's participation in the work of ICAO. We are consulting closely with Taiwan authorities on this matter.

*Question:*

*There is an Andean trade act pending in the Congress, in which we would give special consideration to the Andean countries like Colombia, Venezuela, Peru. One of the proposals is to import canned tuna to the United States from these Andean countries. This is as a way to help them solve their drug trafficking problems.*

*Now the Asian countries, I think, recently sent a letter to Secretary Powell saying that we are now in the situation where there's not a level playing field for the importation of canned tuna from Asian countries. I was wondering if you care to comment. I say this because I happen to have the largest tuna canning facility in the world (in my district), and I just wanted to know where the Administration stands on the Andean trade agreement and what we're trying to do to be fair to our Asian friends like Thailand, the Philippines, and Indonesia.*

*Answer:*

As you noted, legislation pending before Congress would renew the Andean Trade Preference Act (ATPA) and contain provisions regarding tuna imports to the United States from Andean countries. It is a complex issue and we appreciate your concerns.

ATPA has been a very successful program in helping the Andean countries develop economic alternatives to the illicit drug industry. The Administration remains committed to ATPA renewal and expansion as soon as possible. At the same time, we are examining the potential effects that the tuna provisions may have in a variety of areas, including on the potential impact on American Samoa and the American fishing fleet.

The Administration is working closely with Congress on this issue. We are aware of the sensitivity of the issue and have met with most of the interested parties, including the Starkist Company, to develop a constructive solution.

*Question:*

*There is no issue more sensitive in the Asian Pacific region than the question of nuclear testing. I think this is due to the fact that the Japanese people experienced a very negative situation in Nagasaki and Hiroshima, and the fact that we detonated over 66 nuclear bombs, hydrogen bombs, in the Marshall Islands, and the fact that the French government also detonated over 200 nuclear explosions in the South Pacific.*

*Now, the latest report—and I don't know if the media is accurate—is that the Administration is thinking of conducting nuclear testing again. Is there any truth to this reporting? Is the Administration willing to press forward with a decision eventually to conduct nuclear testing again?*

*Answer:*

The U.S. has no plans to resume nuclear testing. The United States is observing a moratorium on nuclear testing and is urging other states to observe similar moratoria.

The White House has repeatedly reaffirmed that we have no plans to resume testing. On June 28, 2001 at a White House press briefing, Ari Fleischer stated that "The President is going to continue the moratorium." At a White House press briefing on January 9, 2002 he again stated, "[T]he President has said that we will continue to adhere to the no-testing policy, if that would change in the future, we would never rule out the possible need to test to make certain that the stockpile, particularly as it's reduced, is reliable and safe. So he has not ruled out testing in the future, but there are no plans to do so."

John A. Gordon, Under Secretary for Nuclear Security and Administrator, National Nuclear Security Administration, in a statement on February 14 before the U.S. Senate Committee on Armed Services stated that "President Bush supports a continued moratorium on underground nuclear testing; nothing in the NPR [Nuclear Posture Review] changes that."

