

**CENTER FOR
STRATEGIC AND INTERNATIONAL STUDIES (CSIS)**

BRIEFING ON THE SECRETARY OF STATE'S TRIP TO ASIA

WELCOME:

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H. ANDREW SCHWARTZ: Good afternoon. Welcome, thank you all for coming. My name is Andrew Schwartz and I'm vice president of external relations here at CSIS. On behalf of the center, I would like to thank everyone for coming to this briefing on Secretary Clinton's recent trip. From July 18 to 23, Secretary Clinton traveled to Pakistan, Afghanistan, Korea and Vietnam.

Clearly, Secretary Clinton had a busy trip and to learn more about what happened, we have three State Department officials who are uniquely qualified to speak on this subject. We have Vali Nasr, Mary Beth Goodman and Derek Chollet. Each one of them will give brief remarks about their respective areas of this trip and following that, we'll take a few questions from the audience. We hope to have some good questions.

Our first speaker is Vali Nasr. Vali is senior advisor to Ambassador Richard Holbrooke, the special representative for Afghanistan and Pakistan. Previously, he was professor of international politics at Tufts University. He's also taught at the Naval Postgraduate School, the University of California-San Diego and at Stanford. He's also been a senior fellow at both Harvard University's Belfer Center and the Council on Foreign Relations. Vali, thank you very much for being here and I'll turn it over to you.

VALI NASR: Thank you very much. Good afternoon. Let me begin by giving a brief about both what happened on the trip and the purpose of it and what was the reaction to it. And then, in question-and-answer, we can deal with any specific issues that you have in mind. I'll begin with Pakistan, which was, in some ways, both the up-front and the more important part of this segment of the trip in South Asia.

On the face of it, this trip was for the second round of the strategic dialogue, the upgraded and expanded strategic dialogue that the secretary stated with Foreign Minister Qureshi. The first round was in March here in Washington. This was, if you would, a second meeting that they had after a round of workshops, about which my colleague Mary Beth Goodman will say a lot more.

In Islamabad, in addition to meeting on the strategic dialogue, the secretary met with all the principals, from the president, prime minister, foreign minister, minister of finance, as well as the chief of the army staff, but she also had meetings with business leaders. She carried out a town-hall meeting and also had significant engagement with the media. And I'll say a little bit about how this compared with her previous trip in November, which followed somewhat of a similar format.

Now, the goal of the trip, beyond the strategic dialogue, was to deepen and continue the policy that the administration has been following with Pakistan, which is, number one, to move this relationship from a transactional relationship largely to a strategic partnership and to anchor everything we want to do with Pakistan, achieve with Pakistan, on the basis of a strategic

partnership. And the dialogues and projects on economics, about which Mary Beth will speak, were very important and the success there was quite notable.

Our goal is, and the secretary's goal of her trip, was to convince Pakistan that U.S. commitment to the region is not short-run, is not limited to our current military engagement. And unlike 1989, at the end of the Afghan war, when the United States left the region, that our presence in the region will be long-run and that we are looking for strategic relationships with both Afghanistan and Pakistan.

And our continuous, ongoing high-level engagements, including her trip, are directed at driving that point home and making that a reality. Connected to that is to also convince the people of Pakistan that our engagement with Pakistan not goes beyond just military engagement and that it includes engagement with civil society, with the economic sectors, and that it will bring benefits, tangible benefits, to the people of Pakistan.

Now, as part of this trip, part of our engagement in South Asia with Afghanistan and Pakistan has been to improve relations between these two countries, bring them closer together as a basis for bringing much more security and stability to the region. And to that end, there was a trade-and-transit agreement signed in Islamabad between Afghanistan and Pakistan during the secretary's visit.

And she was asked by the president of Pakistan, along with the prime minister of Pakistan, to serve as a witness to that treaty. Mary Beth Goodman, who did a lot of work on helping this treaty materialize over the past year, will describe its details. But I would just say that it's probably the most significant agreement between these two countries in the past 60 years.

The agreement began to be negotiated in 1965. And the fact that it was signed, as a landmark event between these two countries, is a testament to the fact that America's diplomatic initiative in the region, between these two countries, and particularly our engagement along the lines that I described with Pakistan is beginning to yield results.

In addition to this, we have ongoing discussions with Pakistan, security issues of concern that, you know, we're addressing at all the high-level meetings. They also came up in various meetings she had, the secretary had, with civil society leaders, with media, et cetera. On some of these issues there's much more palpable progress than on others, including, for instance, Pakistan's own war with the Tehrik-i-Taliban Pakistan on its western frontier, but also, various other security issues were addressed.

It was very clear from the secretary's public engagements this time, as well as, also, engagement with the government leaders in Pakistan, that there was a different tenor to the relationship. From engagements with the media, town-hall meetings, meetings with business leaders – the kind of questions she got, the general attitude of Pakistanis towards her trip and towards her message were very different from November.

In November she felt a very hostile reception in Pakistan, which obviously was managed in a way that broke the ice with the country. There were far more questions about violation of, so-called violation of Pakistan's sovereignty because of conditionalities attached to Kerry-Lugar-Berman bill. There was a lot more questions about our strategy in South Asia, about what our intentions are in Afghanistan, whether our engagement in Afghanistan has a bearing on Pakistan security, et cetera.

This time, the lion's share of questions regarded how the United States is going to spend the money, the Kerry-Lugar-Berman money, USAID money in Pakistan. There was far more interest about making sure that the U.S., particularly, civilian engagement with Pakistan is long-running and particularly the areas that Mary Beth works on, in terms of a road map for that.

Now, very briefly on Afghanistan: In many ways, the Afghanistan trip was around attending – it was essentially a one-day visit – attending the Kabul conference. It was, in some ways, much more predictable. The Kabul conference was, you know, put together by the government of Afghanistan to bring together the international community to lay out some key markers on issues of governance and security. And in terms of the conference itself, it went very well and it was carried out as planned.

And aside from the fact that the conference served to move the ball forward on those specific issues with Afghanistan, the secretary also had important bilateral meetings on the sidelines of the conference, particularly with foreign minister of India, Foreign Minister Krishna, with the new British foreign secretary, as well as with a number of others, before moving to East Asia. I'll stop here and, I guess, Mary Beth?

MR. SCHWARTZ: I'd like to introduce Mary Beth Goodman. Mary Beth is the senior economic and energy advisor to Ambassador Richard Holbrooke. Previously, she was the economic counselor at the U.S. embassy in Islamabad. She is a career foreign service officer. Prior to joining the State Department, she was an attorney advisor for the U.S. Customs Service and specialized in international trade disputes. Mary Beth?

MARY BETH GOODMAN: Thanks very much. As Vali said, we had our strategic dialogue meeting in Islamabad on the 19th. This was a very high-level meeting that resulted from a significant amount of work that we've done in 13 different working groups. A lot of attention has been focused in Pakistan on the fact that we have 13 working groups, but very little attention focused here in the U.S.

All of this is based on the dialogue that we've started with Pakistan, in really trying to broaden the subject matter and the outreach that we have to a cross-section of people in Pakistan. I'll just give you a rundown of what these 13 working groups are. All of these groups met in Islamabad between May and July of this year and all were headed by a Pakistani minister and then a counterpart from the U.S. government, across our agencies.

All of these involved interagency cooperation, meaning that we didn't just send out a State Department representative. We had Agriculture and Treasury and State and USAID as part

of all these teams, depending on the subject matter. And that mattered a lot because it meant that the Pakistani government reciprocated.

And instead of just going to a particular meeting and reading your talking points to someone from the MFA or someone from the finance ministry, we really were able to engage in substantive policy discussion, cross-cutting in various ways with either federal and/or provincial leaders participating in all these groups.

So I'll just give you a run-down of what these groups were: agriculture, communications and public diplomacy, defense, economics and finance, education, energy, health, law enforcement and counterterrorism – that's one group – market access, science and technology, security, strategic stability and nonproliferation – that's one group – water and, then, women's empowerment.

And all of these groups, as I said, had significant policy discussions. None of this involved this transactional relationship that Vali referred to earlier, where it's about announcing projects. It really was about drawing together our leaders with their leaders to see how the policy issues overlap and how we might help them better shape some of these policies going forward. It's particularly important as Pakistan's dealing with the devolution, from their 18th amendment, and how they're going to implement some of these issues.

One of the more significant groups was water. We've never actually had discussions with the Pakistani government about water issues before. It was, without a doubt, a huge success. We were all, actually, quite worried about how this would go. We have policy issues to discuss, obviously, but what was significant about this is that in Pakistan, water's actually a provincial issue for their constitution.

So for the first time, we were able to bring together the federal and the provincial leaders within Pakistan to sit down and have a policy discussion, even amongst themselves. So we saw some significant progress here. And then when Secretary Clinton was in the region, she announced a wide variety of projects. All of these are going to be funded through the Kerry-Lugar-Berman legislation.

Water was announced as our first phase of our signature water program. She also announced phase two of our signature energy program. There was a wide variety of things that she announced, from strengthening information technologies to working better with the private sector, health, agriculture. I think a lot of you have probably seen the press releases and things that came out from the trip, so you've seen more details on that.

We know it's easy to sit here and, kind of, say, yeah, we've had another talk shop and this is just another way to have a different label on some of the engagement. But there really has been a change in the tone and in the temper that we've seen with the Pakistanis as we've worked through a lot of these issues under the strategic dialogue.

There's been far more direct engagement with the Pakistani leadership, across the board. There's been a lot more engagement with civil society and private sector input being brought to

bear here. And we hope, as we go forward, that we're going to be able to have more ways to have civil society and private sector input as well, to include outreach with the American community here.

Another issue that Vali had mentioned was the signing of the transit trade treaty. This was the – it's known as the Afghanistan-Pakistan Transit Trade Agreement. The original treaty dates back to 1965, was never really fully implemented and, certainly, was a bottleneck to trade moving throughout the region, but certainly bilaterally. So this has been something that the two governments have engaged on in very intensive negotiations over the course of the last year and a half.

They've had about eight rounds of negotiations, bilaterally. And we were very pleased to see that they made some significant progress and were able to conclude the negotiations of this while we were in the region. Both governments still need to ratify this, so it hasn't yet come into force. But it's quite comprehensive in its scope.

It's going to open up at least 18 different trade routes through the two countries, provide better access for Afghan goods coming into Pakistan, but also give Pakistan better access to the Central Asian countries and open up, across the board, a lot more opportunity for economic development, as well as increased trading rights, joint ventures and all these issues that we have seen, over the course of time, have been a real hindrance to promoting trade in both Pakistan and Afghanistan.

Afghanistan is going to stand to gain better port access in Pakistan. We also have a way of working better with border coordination, so that there's greater ability to monitor people and movements across the borders. The treaty has been significant in that, for the first time, we're going to have Afghan trucks coming into Pakistan and Pakistani trucks going all the way into Central Asia.

And this may not sound like a lot, but those of you who understand the trade flows here: We've been able to shorten the time that it takes to move goods, once this is implemented, by a good six or seven days, just because you're no longer having to offload goods on the trucks and see them sitting in these warehouses, with produce rotting at the ports and this sort of thing.

So we're really quite pleased and we'll continue to support the implementation of this treaty as it's going forward. I think I'll stop there and let Derek say a few words. And then I'm happy to answer any sort of questions that you may have.

MR. SCHWARTZ: I'd like to extend a special welcome to Derek Chollet, who is, of course, my former colleague here at CSIS. Derek comes back to us as the principal deputy director of the State Department's policy planning staff. During the Clinton administration, Derek served in the State Department in several capacities, including as chief speechwriter for the U.S. ambassador to the U.N. and as a special advisor to the deputy secretary.

Derek was also foreign policy advisor to Sen. John Edwards, both on his legislative staff and during the 2004 Kerry-Edwards presidential campaign. As I said before, he's been a fellow

here at CSIS, a senior fellow at the Center for a New American Security, a nonresident fellow at the Brookings Institution and an adjunct professor at Georgetown University. With that, I'd like to turn it over to Derek.

DEREK CHOLLET: Thanks, Andrew. You left out, frequent stand-in for Kurt Campbell. It's great to be back here. It's great to see so many old friends and colleagues. I'm going to talk about the Seoul and Hanoi party of the trip. Really, in many ways, this was two trips kluged together, both the Af-Pak and then the East Asia part. The fortunate thing for Vali and Mary Beth and myself is that we only had to do half the trip respectively. Secretary Clinton had to do the whole thing.

My measure of how the Af-Pak portion went was the looks on the faces of Secretary Clinton and her plane team when they got off the plane, you know, Wednesday morning in Seoul after the all-night flight from Kabul. And they actually looked pretty good, which was encouraging for me. I was a little leery about how the day in Seoul would go after such an intensive few days in Islamabad and Kabul.

And I think it's important to underscore also, you know, that Secretary Clinton's trip was one piece of, actually, a pretty intensive week of high-level diplomacy in Asia. She was, of course, joined in Seoul by Secretary Gates, who then went on to Indonesia. Adm. Mullen was also in Seoul. Adm. Willard was there as well. Deputy Secretary Steinberg made a stop in Japan last week and Undersecretary Bill Burns was also in Southeast Asia.

So collectively, this was a pretty intensive series of engagements across Asia-Pacific in a week's time. And I think these show and, sort of, underscore the administration's commitment to engagement in the Asia-Pacific. These trips reaffirm and strengthened our alliances there, our commitment to enhancing relations with the key players and also, an expression of our willingness and enthusiasm, frankly, to participate more proactively in Asia-Pacific institution building and the architecture discussion.

That's a major priority for Secretary Clinton. She gave a speech earlier this year in Honolulu which outlined some of her thoughts on the U.S. approach to Asian architecture issues. And it's an issue set that I know that she is committed to moving forward during her tenure as secretary. I'll just tick through some of the highlights of each of the stops in Seoul and Hanoi and then I'll be happy to take any of your questions.

It was her third visit to Korea as secretary. You know, it was an important visit, given the timing, of course. She wanted to underscore our strong relationship with South Korea, particularly in the wake of the North Korean sinking of the Cheonan, and then also to point to try and broaden that relationship, to focus on a variety of regional and global issues. As she said there, the cornerstone of our alliance is our commitment to South Korea's security and sovereignty.

And we made this clear during the trip, in both symbols and substance. Her and Secretary Gates, of course, traveled to the DMZ together. I think it was the first time that the secretary of defense and state had ever traveled together to the DMZ, where they were joined by

the South Korean foreign minister and defense minister. It was a remarkable few hours up there on the DMZ.

Of course, it was one of those rare moments in government where you see something happening and you think to yourself, that will be on the front page of the newspaper tomorrow, then they were in Panmunjom and the North Korean soldier was looking in the window. And it was on the front page of the newspaper. And they also marked the 60th anniversary of the start of the Korean War and paid tribute to those who have lost their lives and are currently serving by an event at the memorial.

On the substance side, Secretary Clinton and Secretary Gates cohosted the first 2+2 U.S.-ROK discussion. They were joined there by admirals Mullen and Willard on our side. And that was a fulfillment of something that presidents Obama and Lee had committed to doing when they had met last November. As part of the 2+2, we released a joint statement that, sort of, offered a road map for strengthening the U.S.-ROK alliance. We pledged to work with regional partners to seek a way forward on the DPRK.

And Secretary Clinton made an announcement of U.S. steps to strengthen sanctions against the DPRK. And Bob Einhorn, who is her special advisor on nonproliferation, and in charge of helping to implement these sanctions, will be making a trip out to Asia, I believe, next week to continue those discussions.

On the Korean side, the ROK committed to the OPCON transfer delay roadmap and on our side, we also reaffirmed the president's commitment that he had made a few weeks earlier, to resolve the outstanding issues on the FTA, the KORUS FTA, and to move the FTA through Congress as soon as we can.

That was our day in Seoul. Then we got on the plane Thursday morning and flew to Hanoi, where on the, sort of, bilateral side, she commemorated the 15th anniversary of normalization of diplomatic relations. In her meetings, both with the prime minister and the foreign minister, she underscored our commitment to try to, you know, use this point to take stock and also find ways to move the relationship to the next level, as she put it. But we also made very clear – and this was reported in the press – about some of our concerns about political freedoms and human rights in Vietnam.

Something else she did, which didn't get a lot of attention, but it was nevertheless very important to us, was she signed a PEPFAR partnership framework, which was actually quite a moving event, at an orphanage in downtown Hanoi. And then the big piece of business was, of course, the ASEAN Regional Forum, the ASEAN talks. And it was her second trip to the ARF. She went, of course, last summer and she also cohosted the U.S.-ASEAN ministerial meeting.

Now, the collective focus of this year's arm was on, obviously, North Korea was a big topic of discussion. Burma was as well, and the questions and concerns we have about Burma's upcoming elections and the issues associated with its compliance with UNSC 1874. And of course, we discussed the South China Sea.

Now, just overall, our engagement with ASEAN underscores this administration's commitment and view that ASEAN should play a central role in Asia-Pacific multilateralism. We do that, sort of, by showing up. We also do it by some of the other things we're doing. The State Department is increasing its support for ASEAN by a couple million dollars, from about 2 to 4. And we're also seeking to establish a permanent U.S. mission to ASEAN. That will be located in Jakarta.

And at this meeting, she expressed President Obama's commitment to host the second U.S.-ASEAN leaders' meeting in the next few months. And she also announced, on the East Asia Summit, that she would be returning to Hanoi later this year to attend the East Asia Summit in an appropriate role because it's a leaders' summit, but with an eye towards – to, sort of, begin consultation with a view towards U.S. participation at the presidential level in 2011.

And she also announced a more defined U.S. policy on the South China Sea. And there was a ministerial discussion, a very spirited one, on the South China Sea. Twelve countries spoke to this issue. You know, we can get into more detail if you want, but the basic gist was, you know, that the U.S. has a national interest in the continued peace and stability and freedom of navigation and open access to Asia's maritime commons and respect for international law in the South China Sea.

And in that spirit, we support a collaborative diplomatic process by all claimants – and this is quoting her – resolving the various territorial disputes without coercion.

And then, you know, obviously, these sorts of big, multiministerial meetings – she had a lot of bilats, a lot of pull-asides, very good discussions with Foreign Minister Lavrov, with Okada and with Foreign Minister Yang, in which many of the issues that were formally on the agenda at ASEAN and ARF, but also many other issues – Iran and what not, Middle East peace process – were all discussed.

So it was a very intensive six or seven days for the secretary and we were very pleased, I think, across the board, with how it went. And it moved the ball forward in many different dimensions. So there's still lots of work to do, but we look forward to your questions.

MR. SCHWARTZ: Great. With that, we'll take questions; we'll take a few questions. Please, we have microphones around the room and we're going to pass them around to you, so please use the microphone and state your name and the affiliation that you're with before asking the questions. Let's start with Josh, down here in the front.

Q: Hi, I'm Josh Rogin with Foreign Policy magazine. Thank you all for taking the time to speak with us and thank you for your service. I'd like to ask one question for Dr. Nasr. The reporting from the Pakistan trip focused on Secretary Clinton's remarks about, maybe somebody in the Pakistani government knows where terrorist leaders are located.

But I was wondering if we could get into more detail about what her message was to the Pakistani government about what she wants to see them do with regard to rogue ISI elements

who may be involved in actions that our counterproductive to our mission in Afghanistan. And what kind of response did she get?

And for Derek, I was wondering if you could talk about the sanctions that were announced in Seoul. Are we to see this as a move away from multilateral efforts, such as the six-party talks, towards a more unilateral approach to dealing with the challenge of North Korea's nuclear crisis? Thank you.

MR. NASR: Actually, the statements you're referring to came up in a number of press conferences she had. And interestingly, these issues were first raised by American journalists who were on the trip with her. The Pakistanis didn't raise these issues, but then it became – there was a bandwagon effect, so by the end of the trip, they also asked about how did she see these issues, et cetera.

You know, it's very clear that, first of all, on all of these counterterrorism, security issues are concerned for Afghanistan, sanctuaries issues, et cetera, that we have an ongoing discussion with Pakistan. And on some of these issues, there's been a lot more movement than on others, but you know, this is something that we're going to continue to discuss with them. I cannot go into detail of what was discussed.

But the entire approach to Pakistan is that, you know, we're going to achieve a lot more with Pakistan if there is a basis for this relationship that is viewed as mutually beneficial by both countries and that Pakistanis are much more likely to move on a host of issues that is of interest with us in the context of a partnership. And secondly, that we have a two-tiered engagement with Pakistan and one level is with their government, to get them to make certain decisions. And the other one is with people of Pakistan.

This administration began at a point where opinion of the United States, positive opinion of the United States, was in single digits. You yourself have covered this issue. We're improving there and much of what Mary Beth was mentioning is providing a lot more bandwidth to the government of Pakistan to then begin to address a number of issues we have.

But you know, we have come a long way with Pakistan, I believe, and the secretary's – the difference between November and now shows that by no means are we at the end of where we want to be and we will continue on all of these issues. There's going to be another round of strategic dialogue in the fall and on security issues, we'll continue the discussion as well.

MR. CHOLLET: Just on the DPRK sanctions issue, I think it's important, Josh, to sort of see this – the announcement the secretary made last week is embedded within a larger strategy. It's – there's basically three parts to it, right?

There's, you know, intensive engagement with our allies like South Korea, Japan, other parties in the six-party talks and then through the United Nations about the way forward on achieving denuclearization in North Korea. The outcome of that is something like an 1874, which as I mentioned earlier, Bob Einhorn – that's part of his charge now is to help see that that's implemented.

The second is – which is what we did for half the time at least in Seoul, or most of the trip in Seoul was to show that the U.S.-South Korean relationship is rock solid and to demonstrate both, you know, symbolically but more importantly, substantively, that we, you know, stand behind South Korea and that we are fully supportive of – you know, we are committed to its security, to its sovereignty and that there is deterrence.

But then finally, there are obviously measures, you know, as we learn new things everyday about what's going on and what North Korea is doing in terms of its finances, ensuring that we have the – that we're using all the tools we can, just from a United States perspective, to see that there is pressure being put on North Korea and that's part of what she was announcing yesterday. And that's also, in part, what Einhorn will be discussing next week.

MR. SCHWARTZ: Great. In the front right here, sir. Microphone's just coming right up.

Q: Thank you very much. Kumar from Amnesty International. First, to Derek Chollet, my question is about South China Sea and Clinton's statement that they were getting warned in this dispute, Spratly Island disputes, which have angered – that's reportedly angered – China.

My question is what impact it will have on Afghanistan because definitely, China's help is needed for Afghanistan for numerous reasons, from U.N. to local issues. And have you thought of that, coming to Seoul? I just want to know whether the U.S. priorities, Afghanistan border, Southeast Asia?

My question for Vali Nasr is ISI involvement in helping elements of Taliban and also recent leaked documents basically reinforces a lot of information that came out. If you talk to Pakistanis, the argument they put forward is Kashmir. Because of Kashmir, we need have some form of engagement – some form of backup force that's Taliban – sections in Taliban.

So will the administration get involved in Taliban? I'm so sorry – Kashmir conflict. And also, as you're aware, President Obama is visiting India but he will also visit Pakistan during this trip. Thank you.

MR. NASR: Well, regarding the president's trip, you know, that schedule is – nothing's determined. There's nothing that I could add. Now, regarding many of these sort of leaks and prior to that, there was another LSE report, et cetera, you know, the general tenor of the discussion is not new in terms of what it says.

And you know, in conversations, you know, it's more – most of this sort of connection made between Kashmir and Afghanistan actually is done here in Washington than in the field. And you know, the United States is not going to get engaged in Kashmir. The secretary was actually asked, also, this issue in Pakistan by journalists.

And her answer, which is the U.S. policy, is that you know, this is a long-run conflict that predates the issue of Afghanistan by many decades and you're not going to be able to solve

Afghanistan by trying to add to it a major international territorial dispute which is quite complex and complicated.

And thirdly, that you know, as she said very specifically, that you cannot get involved in a peace resolution in a territorial dispute when you're not invited to participate in it. And you know, there is no process to which the United States could, you know, attach itself.

And you know, the two protagonists, which only recently restarted any kind of talks after a freeze in relations between them have not asked the international community, whether at the United Nations level or any international party to involve itself in Kashmir. So you know, this is unprecedented for the United States to sort of intrude into an international conflict and they have no intention of doing so.

The United States is clearly interested in Pakistan and India on their own, you know, reduce tensions among themselves, open talks, you know, the process that actually began maybe in Islamabad last weekend, hopefully, will continue. The United States is clearly supportive of that. But there's no such thing as trying to, you know, add to the bandwagon of Afghanistan by connecting its fate to resolution of other conflicts in the region.

MR. CHOLLET: Just on the South China Sea and actually, you raise an interesting question on the Afghanistan, you know, angle to this, just in terms of a relationship with China. Just on the South China Sea first, I guess it's important to just reemphasize that you know, what the secretary made clear is that we – not that we're sort of going to jump in and start mediating everything, right?

But that there's a – we promote a – or support a collaborative, diplomatic process, that we don't take sides in the competing territorial disputes. And her statement did not single out any particular country and that as the United States supports the 2002 ASEAN China – the Declaration on the South China Sea and that you know, we're sort of – put out there that the aim should be to reach agreement into it being a full code of conduct. And that's basically what she said.

In terms of the tradeoff or potential tradeoff with China, I mean I guess one could argue that any raise you raise with China, there's – you could argue that there's a tradeoff in some other priority that you have. I mean, we don't have the luxury of choosing between, you know, the different priorities that we have. I mean certainly, Af-Pak is not just a priority for the secretary of State, but I would argue it's the administration's biggest priority.

And you know, I know from other interactions I have with the Chinese through, say, the Strategic and Economic Dialogue that Secretary Clinton cochairs with Secretary Geithner, Afghanistan and Pakistan have been raised at the highest level there. Ambassador Holbrooke's done at least one trip to China and his team has done multiple trips to engage the Chinese on how they can – how we can cooperate in Afghanistan.

So you know, I think – you know, part of our challenge is we see a lot of areas where we do have common interests with China. And what we want to try to do is manage differences we might have and create a relationship in which we can achieve those common interests. So –

MR. SCHWARTZ: Great. Right over here, sir. And right after that, we'll go to the lady in the front.

Q: Taha Gaya with the Pakistani American Leadership Center. My question for Mary Beth Goodman is while we're very encouraged by some of the recent projects announced, particularly with energy and water and particularly with the maintenance and upgrading of some of those energy projects, some of my questions have to do with, maybe, previous, for example, the cash transfer to the Benazir Income Support Program.

Earlier this month, you know, like, there was a report by the government of Pakistan that said 60 percent of its beneficiaries are not eligible to receive that cash because they're not poor enough or what have you.

So is there any kind of – is there a way you can make our awards more transparent and kind of in a spreadsheet format so we can follow what's going on there rather than these kind of like random press releases and fact sheets? If there was some kind of like central warehouse, that would be helpful.

And my question for Vali Nasr has to do with the specific U.S. position towards the Haqqani network. And it seems like while in Afghanistan, we're moving to reconciliation and reintegration of the Taliban there, what are we doing with elements of the Taliban that we think might be housed in Pakistan? Thank you.

MS. GOODMAN: Thanks for the question. I mean having more transparency in these projects is certainly a goal and it's something that we're trying to figure out how best to do. I mean there's ongoing negotiations constantly as we're trying to roll out more projects and working with various ministries about how best to implement these projects.

There's no set, cookie-cutter approach. I mean sometimes we're doing budget assistance. Sometimes we're doing project assistance. Sometimes we're working through civil society. Sometimes we're working directly through a contractor that's you know, repairing some of the dams, some of the things you mentioned. So there's no cookie-cutter approach. So it is something that we're trying to find a better way of conveying publicly.

The Benazir Income Support Program, as you mentioned – just for people who may not be aware – this is a social welfare program that the government of Pakistan has started which basically gives 1,000 rupees, equivalent of \$12 a month, to female heads of household. It's a social support program.

And it is something that they have taken some time to roll out, which we were very pleased to see that it wasn't just, you know, quickly rolled out and across, you know, political partisanship or however they might have done it. And the World Bank has been very involved in

this, creating the mechanisms to ensure that the distribution is going to be done in an orderly and fair way. And they're just now getting the process ready to really do a massive implementation. As more and more people are getting registered and as more and more people are becoming part of this program, this money will start being dispersed far more quickly.

MR. NASR: I mean the Haqqani network, probably, has been reported in the media as particularly violent and dangerous part of the insurgency in Afghanistan, particularly targeting U.S. troops as well as facilities, et cetera. You know, our approach to this – to these issues is cross-border and looking at the Afghanistan and Pakistan in a holistic way.

For groups like Haqqani network who may be using Pakistani territory as sanctuary, the U.S. is working closely with Pakistan to try to create much more coordination and cooperation in addressing the problem. And at the same time, also, by strengthening military-to-military ties as well as various forms of technical assistance to build the capacity of the Pakistan military to address the challenge of eradicating these groups.

I mean it's a complicated issue and it's an ongoing issue. Part of the problem is that Pakistan is already bogged down in military conflict in both South Waziristan and Swat and it has to build the capability to be able to exercise its military operations over larger area and Afghanistan-Pakistan border.

That also requires, you know, close cooperation with the United States, largely because the Taliban and the Haqqani network operate across the border. This is not – this is an across-the-border issue and it requires working with – between these two militaries. And again, in the past year, you know, part of our engagement with Pakistan has been building relations between the two militaries at various levels in order to be able to address these issues.

So there is movement there, but we're not where we want to be. But there's clearly, you know, movement in the right direction.

MR. SCHWARTZ: Ma'am, right here in the front.

Q: Thank you. Joanne Young, Kirstein & Young. After 9/11, most of the American public understood that our forces were allied with the Northern Alliance, which was – at least the general understanding – was the non-Taliban, non-Pashtun, sort of part of the Afghan people. My question is as this outreach to the Taliban, to Pakistan, so forth, goes on, what is the view of our original allies in Afghanistan toward this outreach and how are these, again, original U.S. allies faring in the Karzai government?

MR. NASR: Well, you know, I think the word outreach is probably an overstatement in terms of, you know, what is happening. What the international community, since the London conference, and again, the Kabul conference has endorsed and subscribed to is a reintegration process, by and large, which means encouraging those fighters that are not ideologically connected or institutionally connected to al-Qaida or may have had just the local gripe and for that reason joined the insurgency to find a way to come back and be integrated into the society.

The government of Afghanistan has laid out plans, is trying to implement in the international community as attached funds and technical support to make that happen. And something similar to also the awakening movement in Iraq. President Karzai has suggested that he's interested in exploring, potentially, a political settlement or a way – a political process through which he could be able to end the conflict in Afghanistan.

The United States supports an Afghan-led process. Now, the issues you raise about you know, how different stakeholders in Afghanistan would view this are issues that are part of Afghanistan's domestic political process. The peace jirga that was held by President Karzai, I think was about a month – month-and-a-half ago was exactly to create sort of a political forum for discussions about these sorts of issues, about how to address insurgency within the context of Afghanistan's politics.

And then Afghanistan also has a parliament that has been fairly vocal on a variety of political issues, including this one. But I think it's still too early to sort of think of this as an outreach. It's essentially an Afghan-led process to explore ways in which you could create a framework for a political settlement to the conflict that would be able to end the insurgency.

MR. SCHWARTZ: Peter, over here. Blue shirt.

Q: Thank you. Jong Zhan (ph) with CTi TV of Taiwan. I have a follow-up question on the South China Sea for Derek. Is Secretary Clinton's statement on the national interest and also collective bargaining statement on the South China Sea meant to be at least partly a direct response to or even pushback on China's claim that the South China Sea is one of its core interests? And how do you see the reaction coming out of Beijing to the effect that the secretary's statement is complicating the situation in the South China Sea?

MR. CHOLLET: It's a good question. You know, I think it's – as I said earlier, it wasn't – her statement, in no way, was not aimed at a particular country. There are multiple claimants in the South China Sea and you know, part of what she was trying to do was make a statement – kind of, principles of a process that how we see – the United States sees these issues being resolved.

There's been an increase in incidents, in various ways, over the past few years on this and that's something we've obviously been watching very closely. We've been hearing a lot from, you know, other countries in the region about. And again, I just want to repeat again. This was something that multiple states mentioned in the course of this meeting.

And so you know, it was a good discussion and I think – but in many ways, it was the beginning of the discussion. So that's part of why she felt the need to give a sort of more concrete statement on this so it just wasn't sort of one-off comments here and there. In terms of the reaction that I've just read about in the press, it's something, obviously, we've taken note of, but you know, it doesn't – it doesn't divert us from the principles that we outlined a week ago, tomorrow, I guess, in a way.

Q: Hi. Richard Weitz, Hudson Institute. A question about Russia's role. We talked about China. I was interested also in Russia. And I was in Moscow at a conference about a month ago and there was a lot of stress among Russia and its allies in Central Asia – concern about the narcotics in particular and the vast trafficking.

They note, for example, they have like 30,000 people die each year from Afghan-origin heroin, which is more than they've lost during the entire occupation, Soviet military occupation. And the reasons why Russia is partly responsible for some of those deaths, but it's also because we're not doing a good job at putting that down.

And then on the Korea issue, they came out with a very interesting finding. They thought it was a mine that sunk the ship and I was a bit curious what – how that's being interpreted in the U.S. government.

MR. CHOLLET: I'll take the Cheonan one first, Richard. I've just read about their findings. I don't know the scope of their investigation. All I can say is that you know, the United States firmly stands behind the conclusion of the multinational investigation from a few months back, I guess, that the Cheonan was sunk by North Korea. So that's really all I can say on that.

MR. NASR: On narcotics in Afghanistan and Mary Beth can maybe say a little bit about the agricultural side of it. You know, the narcotics trafficking is an issue for all of Afghanistan's neighbors. It causes crime, addiction. There are all kinds of issues of illicit financing associated with it. It's a priority for the U.S.

I mean, accept that we have adopted a different tact of understanding that drug eradication didn't work other than to alienate the farmers and push them into the fold of the Taliban. The U.S. is investing much more in drug interdiction and encouraging alternate agriculture and maybe Mary Beth can say a bit about that.

MS. GOODMAN: Yeah, for the first time, we're spending more money in Afghanistan on agricultural production than on poppy eradication. I mean, this is a country that was known to be an agricultural breadbasket decades ago. So there's no reason why we can't assume that there are going to be able to produce far more agricultural output and actually have that be a more sustainable part of their economy.

This transit trade treaty that we signed is a way to help get those goods to market so that they do have more connections to the world economy and the regional economy. We've seen a wide increase in the variety of products that are being grown now in agriculture in Afghanistan. A lot of these projects are just now starting to take root – no pun intended.

But a lot of these are things that can be export-driven and that can be used to help provide a more sustainable future for Afghanistan and to move them away from this poppy growing and to bring more stability and overall assurances to other allies as well.

Q: Raymond Wong from Singh Pharmacy. I'd like to direct this question to Mr. Chollet, if I may. Mr. Chollet, could you, perhaps, share with us, you know, if you could, some of the considerations or the thinking behind the U.S. decision to perhaps join the EAS and if the U.S. should actually, you know, decide to become a EAS member, what is the U.S. vision for the future directions of the EAS and what kind of impacts this would have on the, you know, regional architecture in the Asia-Pacific region? Thank you.

MR. CHOLLET: Well, I think, you know, part of – it's a very good question – and part of what Secretary Clinton signaled when she made the statement that she did last week was that that's a discussion in terms of the future of EAS that we want to be part of and we want to be more actively involved in and that that's why she's going to return to Hanoi later this fall and with an eye for an even higher level engagement the following year.

You know, in terms of our overall vision for sort of Asian regional institutions and the U.S. role, I really can't do better personally than what she said in her speech from this past January in Honolulu, which outlines sort of basic principles of which we're going to approach this discussion about the future of Asian architecture.

I think from the perspective of this administration, this is a discussion the U.S. should be more involved in. We are a Pacific power and it's in many ways, you know, the sort of – the most dynamic part of 21st-century geopolitics will be in Asia and we very much need to be a part of that. We need to be an active part of that.

That doesn't mean we're going to come in and try to completely drive it alone. But it's a discussion that is happening. As you know better than I, you know, several now-former prime ministers, over the last eight months in Australia and Japan were very vocal about different ideas.

And I think what she said last week was very much a continuation, again, of this discussion that was started in January with her speech in Honolulu about how we want to try to approach this. And that's what she looks forward to continuing on in Hanoi. So it's a bit of a dodge, I guess, but I, you know, I think the overall point is we've been listening and watching, observing the discussion, now, as it's unfolded in the past few years and we want to be more actively involved in it, so –

MR. SCHWARTZ: We have time for just two more. We're going to down right here in the front and then we're going to go over here in the back in the green shirt.

Q: My name is Brent Choi. I come from the VOA, Voice of America. I ask Mr. Chollet about the sanction against North Korea. My first is that – the question is that several year ago, U.S. imposed sanctions to BDA in Macau. What's the difference, coming new sanctions compared to previous BDA sanction? Second question is that there's a report, the – you know, last 10 years, North Korea have a – (inaudible) – draw up using some diplomatic strategy. Do you have any intention or plan to stop those diplomatic strategy?

MR. CHOLLET: Two quick answers. On BDA, that was obviously the previous administration's sort of effort. I can say, you know, I think – because of many of the same officials in the Treasury Department were actually part of that effort, they're still serving today. We certainly – we clearly learned from it.

And so I don't want to characterize specifically what the sanctions are because that's not my job to do. I think you can – it's safe to say there are lessons learned. And I'm not familiar with the report that you're referring to, so I don't really want to comment on it.

What I can say and what the secretary said last week is that as we have learned more about North Korea's illicit practices, you know, we're hoping to develop better tools or use different tools to try to go after those practices all in the effort of you know, having North Korea abide by its commitments. And we're seeking to do that, as I mentioned during an earlier question, with our partners through the U.N. and elsewhere. But we're also seeing what we can do on our own.

MR. SCHWARTZ: And one last question, right here in the center.

Q: Sue Wong (ph) with Freedom House. This question is for Mr. Chollet. Those of us in the human rights community were very heartened by Secretary Clinton's statement on human rights. How was it received in the country by the authorities and by other groups on the ground? And thank you for doing that.

MR. CHOLLET: I obviously don't want to discuss the specific – you know, the private discussion. All I can say is they heard it and it was – I think we were also heartened that it got a lot of notice, which was something that, you know, we wanted.

MR. SCHWARTZ: Ladies and gentlemen, let's thank our guests today for their frank and – (applause) – extended remarks. This presentation will be available at www.csis.org in both video and audio format. And we'll have a transcript up there as well. Thanks for coming.

(END)