

American

NEWS & VIEWS

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Statement by Secretary Clinton at Korean Demilitarized Zone

It may be a thin line, but the two sides are worlds apart, she says

U.S. DEPARTMENT OF STATE
Office of the Spokesman
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Statement by Secretary Clinton at the DMZ

This is my first visit to the DMZ, to Freedom House, to the UN Armistice Headquarters.

And as we were at the Observation Post looking out at what is a thin, 3-mile separation between the North and the South, it struck me that although it may be a thin line, these two places are worlds apart.

The Republic of Korea has made extraordinary progress. It has leaders who care about the well-being of the people. It has an economy that is growing and creating jobs and opportunities. It has a commitment to common values of democracy and freedom.

By contrast, the North has not only stagnated in isolation, but the people of the North have suffered for so many years.

I am grateful to the men and women from the Republic of Korea, the United States of America and the multinational force, who today are standing watch for freedom and who are in a long line of those who came before over the last 6 decades, who have helped to protect South Korea.

At the same time we continue to send a message to the North. There is another way. There is a way that can benefit the people of the North.

But until they change direction, the United States stands firmly on behalf of the people and government of the Republic of Korea, where we provide a stalwart defense along with our allies and partners.

Secretary Clinton Announces New Sanctions Against North Korea

By Merle David Kellerhals Jr.
Staff Writer

Washington — The United States will strengthen existing economic sanctions and impose new restrictions against North Korea over its nuclear weapons program and its recent unnecessarily provocative actions, Secretary of State Hillary Rodham Clinton says.

Clinton said a shift in North Korea's behavior could

improve its security and the international respect it seeks. The North could have a peace treaty, normal relations with the United States and an end to sanctions — if it would cease “its provocative behavior, halt its threat and belligerence toward its neighbors, take irreversible steps to fulfill its denuclearization commitments and comply with international law,” Clinton told reporters.

“If North Korea chooses that path, sanctions will be lifted, energy and other economic assistance will be provided, its relations with the United States will be normalized and the current armistice on the peninsula will be replaced by a permanent peace agreement,” Clinton said at a July 21 press conference in Seoul.

Clinton and Defense Secretary Robert Gates toured the Demilitarized Zone, which has separated North and South Korea since July 1953, when the Korean War ended in a truce. They were in South Korea for talks with Foreign Minister Yu Myung-hwan and National Defense Minister Kim Tae-young in the first “2-plus-2” talks held between U.S. and South Korean ministers.

When President Obama entered office 18 months ago, he offered to hold diplomatic talks with North Korea to encourage North Korean negotiators to resume the Six-Party Talks, which were designed to convince the North to forgo a nuclear weapons and long-range missile development program, Clinton told reporters. The Six-Party Talks are led by China and include Japan, North Korea, South Korea, Russia and the United States.

“Following the attack on the [South Korean naval vessel] Cheonan, I think it's particularly timely to show our strong support for South Korea, a stalwart ally, and to send a very clear message to North Korea,” Clinton said. The sanctions are specifically designed to “target their leadership, target their assets.”

The new sanctions announced July 21 target the sale or purchase of arms and related materials used to fund North Korea's nuclear weapons development program and the acquisition of luxury items for the ruling elite. While the specifics of the sanctions are still being worked out, Clinton said they would also target North Korean counterfeiting, money laundering and other financial activities that are used by the regime to raise hard currency to pay off its allies and to maintain control of the isolated communist nation bordered by China, Russia and South Korea.

The visit by Clinton and Gates to the Demilitarized Zone, which marks the sole remaining Cold War-era border, was part of ceremonies to mark the 60th anniversary of the start of the Korean War, in which South Korea, the United States and allies fought an attempt by the North to invade the South in a three-year conflict that ended in a

truce, but not a peace. There are approximately 2 million combat troops stationed along the four-kilometer-wide zone that separates the two countries on the Korean Peninsula.

2-PLUS-2 TALKS

The 2-plus-2 talks signal the long-standing strength of the U.S.-South Korean relationship formed in the aftermath of the Korean War. The talks included security issues in Northeast Asia, the U.S.-South Korean alliance and economic relations. The administration of former President George W. Bush and then the Obama administration have worked to obtain passage of the Korean Free Trade Agreement in Congress, but negotiations are still being held.

An international inquiry found that a North Korean torpedo, fired from a small submarine, sank a South Korean warship, the Cheonan, as it patrolled in open waters March 26, killing 46 sailors. The U.N. Security Council issued a presidential statement condemning the sinking of the naval vessel, saying that the sinking of the Cheonan posed a grave threat to peace and stability on the Korean Peninsula and the Northeast Asian region. The United Nations also maintains sanctions against the North Korean regime.

Pentagon press secretary Geoff Morrell said that since the sinking of the Cheonan the United States and South Korea have been engaged in high-level consultations to devise additional ways to bolster alliance capabilities and improve regional stability. Combined military exercises were discussed during the 2-plus-2 talks, including new naval and air exercises in both the Sea of Japan and the Yellow Sea.

Clinton said part of the reason for their visit to Seoul was to show continued solidarity with South Korea in the face of North Korean belligerence. Gates told reporters that their mission was intended "to send a strong signal to the North, to the region and to the world that our commitment to South Korea's security is steadfast."

These military exercises are planned to augment already planned exercises with elements of the U.S. and South Korean armed forces, Morrell said. "All of these exercises are defensive in nature, but will send a clear message of deterrence to North Korea."

U.S. and South Korean officials will also discuss a plan agreed to by President Obama and South Korean President Lee Myung-bak that will transfer wartime operational control of forces on the Korean Peninsula to South Korea by December 2015. The transfer had been scheduled for April 2012.

Secretary Clinton Says Pakistan Showing Greater Commitment Against Terror

By Stephen Kaufman
Staff Writer

Washington — The Pakistani government has become "very serious" about fighting the violent extremist organizations within its borders, Secretary of State Hillary Rodham Clinton says, and while there is more work to be done she envisions greater cooperation between the United States and Pakistan against terrorist groups as more trust is built between the two governments.

Clinton spoke with several reporters who traveled with her July 18 to Islamabad, where she led a U.S. delegation for a meeting with Pakistani officials as part of the U.S.-Pakistan Strategic Dialogue.

She told CBS's Maria Usman that Pakistani officials have reached their own conclusion that terror organizations, which have targeted innocent Pakistani civilians, are seeking to undermine the Pakistani state, and over the past 18 months they have made "the extraordinary commitment of military assets against different terrorist groups that we now see."

"The horrific attacks on religious shrines and mosques and markets and so many places where people are just going about their daily lives illustrates the approach that these terrorist groups are taking. It's very much against Pakistan," Clinton said. The Pakistani government "has become very serious about fighting terrorism within their own borders and working with Afghanistan and the United States to try to stabilize the region."

Despite recent terror operations undertaken by al-Qaida affiliates in Somalia and Yemen, "the brain center [and] the operational planning" of the organization still exist in Pakistan and Afghanistan.

Clinton told Greta Van Susteren of Fox News that Pakistani cooperation has enabled the United States to "track and kill a lot of [al-Qaida's] principal leadership" and said she believes the Obama administration has also moved closer to capturing or killing Osama bin Laden or al-Qaida's second in command, Ayman al-Zawahiri.

"We have been able to kill a number of their trainers, their operational people, their financiers. We've been able to do that, so in that sense we have gotten closer. But I won't be satisfied till we get it done," she said.

Although Pakistani security forces and civilians are paying a huge price through violence and loss of life due to the terrorist networks in their country, in cooperating against terrorism the United States and Pakistan are working to repair a "huge trust deficit," and Clinton

acknowledged that because of the U.S. approach to the region during the former Soviet Union's invasion and occupation of Afghanistan, "we had helped to create the problem we're now fighting."

It would be a mistake for the United States to walk away from Pakistan and Afghanistan again, Clinton said. There are "consequences we're well aware of."

The U.S.-Pakistan Strategic Dialogue is helping to build confidence and trust between the two countries that was previously lacking, the secretary told NBC's Andrea Mitchell. The dialogue has sought to focus on areas of mutual interest such as governance, water, energy, health and jobs, as well as security, and Clinton said, "The constant exchanges of information between our military and civilian leaders with theirs has begun to build a level of candor that, frankly, was missing."

As Pakistani officials debate whether their country can simultaneously fight al-Qaida and other groups, and possibly question the long-term commitment of the United States, Clinton said the Obama administration's argument to them is "very simple" on the need to confront terrorism.

"You've got to take on every nongovernmental armed force inside your country, because even though you think they won't bother you today, there's no guarantee. It's like keeping a poisonous snake in your backyard. You think, oh, it'll only go after the stranger or the intruder. You don't know whether tomorrow it'll go after you," she said.

The secretary said she is finding "greater receptivity" to that argument, but "we're still having to really make it strongly."

Clinton told the BBC's Kim Ghattas that President Obama has changed the U.S. foreign policy approach to the region by directing U.S. officials to look at the interconnectedness between Pakistan and Afghanistan. The United States has also encouraged greater cooperation between the two countries and a decrease in the "historic mistrust" that has existed between their people and their leaders.

"We don't see how you get a stable Afghanistan or a long-term outlook for stability in Pakistan if there is not some better coordination and cooperation between the two countries," Clinton said. "And we are very much in the mindset that the more cooperation and the more that they begin to see a common future, particularly as against the destabilizing effects of the terrorist groups, the better it will be."

Historic Finance Reform Becomes Law

Washington — President Obama signed into law a bill that will radically reshape the U.S. financial system for the first time since the aftermath of the Great Depression, providing more safeguards against excesses on Wall Street and more protection to consumers of its products.

At a July 21 ceremony at the White House, Obama said the law will benefit investors, consumers and the financial industry itself.

"Our financial system only works — our markets are only free — when there are clear rules and basic safeguards that prevent abuse, that check excess, that ensure that it is more profitable to play by the rules than to game the system. And that is what these reforms are designed to achieve: no more, no less," the president said.

The Senate passed the final bill July 15 after the House of Representatives had approved it in June.

The explicit objective of the measure is to reduce the risk of a major financial crisis in the future.

The measure tries to address what its writers perceive as the root causes of the recent financial problems. It expands government oversight to a wider range of financial firms and instruments, bars banks from trading taxpayer-supported money for their own profit, makes trading of financial instruments known as derivatives more transparent and their traders more accountable, and gives regulators new powers to set stricter standards on the largest and most interconnected banks as well as to break up or liquidate those non-bank financial institutions whose failure is deemed a threat to the entire financial system.

"As a result, no firm will be insulated from the consequences of its action. ... The bill makes absolutely clear that taxpayers will never be asked to bear the costs of a financial firm's failure," Treasury Deputy Secretary Neal Wolin said July 15.

In 2008 and 2009, the Treasury Department, central bankers and financial regulators struggled to come up with ad hoc solutions to prevent the bankruptcies of Bear Stearns, an investment bank, and AIG, the insurance giant, that regulators feared could have created havoc in the economy. The government ended up pumping public funds into AIG and some commercial banks to save them from failure.

The bill creates two new regulatory bodies: a council of regulators and the Consumer Financial Protection Agency. The council is designed to identify risks to the entire financial system and recommend steps to reduce

those risks, such as heightened supervision and stricter capital reserve standards for certain financial institutions. The consumer agency, set within the structure of the U.S. central bank, will be devoted to the protection of consumers who use financial products such as home loans and credit cards. The creation of such an agency proved to be one of the most contentious issues during a yearlong debate about the reform.

Financial reforms were at the top of the agenda of the last three summits of the Group of 20 (G20), the world's leading economies. At the June meeting in Canada, the G20 committed to advancing financial reform aimed at strengthening regulation of the world's financial markets.

WHAT'S NEXT?

Although most lawmakers, experts and financial industry leaders agree that the bill will have a dramatic impact on Wall Street and the broader economy, they disagree on specific outcomes. Democrats and liberal-leaning experts hail the measure as an effective safeguard against a serious financial crisis similar to the one brought about by the collapse of the sub-prime mortgage market in 2007. Republicans and conservative experts have lambasted the bill for what they see as a government overreach unlikely to prevent future financial crises. Instead, it "will deter lending and freeze up credit," said Senate Minority Leader Mitch McConnell, a Republican.

Observers from the liberal New America Foundation believe that the full impact of the new law may not be clear for years. It leaves many specific details to the discretion of regulators, such as what makes an institution too big to fail or what standards are reasonable. Thus, "in many ways the passage of the new law is just the beginning of a long fight ahead" between industry lobbyists and consumer advocates, said Justin King in his blog on the group's Web site.

The measure doesn't address major problems in the housing market that triggered the crisis, something that Republicans see as a major weakness. Deputy Secretary Wolin said the Obama administration plans to tackle this problem in 2011 as "it is obvious that the housing finance system cannot continue to operate as it has in the past."

Russia to Participate in 2012 Smithsonian Folklife Festival

Formal agreement expected later this year

By Domenick DiPasquale
Staff Writer

Washington — The expected presence of Russia at the Smithsonian Folklife Festival in 2012 will provide Americans a deeper understanding of that nation's rich cultural legacy, according to acting Festival Director

Stephen Kidd.

"Russia is a place Americans are familiar with in some ways, but they actually don't know a lot about it," Kidd said. "This will be a chance for Americans to meet individual Russians in a symbolically important place in the nation's capital."

One of the premier American cultural events, the Folklife Festival runs for two weeks every summer on the National Mall in the heart of Washington and draws an estimated 1 million visitors. The festival usually showcases the heritage and cultural traditions of an individual nation, an American region or state, and other communities through their music, song, dance, storytelling, food and crafts.

The Russian participation in 2012 is part of the array of cultural and educational programs that fall within the activities of the U.S.-Russia Bilateral Presidential Commission, which aims to broaden and deepen bilateral ties.

In an interview with America.gov, Kidd said the Smithsonian already has had very good meetings this year with the Russian Ministry of Culture, the Russian Embassy in Washington, and representatives of Russian cultural institutions such as the Sholokhov Museum in Veshenskaya, in southern Russia's Don region, to discuss the 2012 Festival.

Once the Smithsonian and the Ministry of Culture sign a formal memorandum of understanding about Russian participation in the 2012 Festival, which is expected to happen later this year, the Smithsonian and its Russian partners will collaborate on developing specific themes and programs. By autumn 2011, both sides will reach a final agreement on specific details of the Russian participation.

While the Folklife Festival provides the overall organization and venue for showcasing another nation's cultural traditions, the actual interpretation and explanation of that culture is best done by the guest performers.

"It's the tradition bearers from Russia, not the Smithsonian Institution, who will tell the story how their culture functions and what it means in their community," Kidd said.

Kidd estimated that the Russian participants will number around 120 individuals, ranging from musicians and dancers to cooks and craftspeople, all conveying in their own way the cultural traditions of their homeland.

Such a multifaceted display of Russian culture and

tradition will “resonate” with American visitors, Kidd said, given the “deep and rich” Russian context from which it originates.

2012 will not be the first time in the 43-year history of the Folklife Festival that Russian or Russian-American culture has had the spotlight. The very first festival in 1967 hosted a Russian-American folk dance ensemble from New Jersey.

“Music from the Peoples of the Soviet Union” was a highlight of the 1988 festival, with musical performers from regions of the then-Soviet Union including Russia, Ukraine, Uzbekistan, Azerbaijan, Estonia, Lithuania and Georgia.

In 1995, under the title “Russian Roots/American Branches,” the festival featured the cultural heritage of traditional Russian Orthodox “Old Believers” religious communities in both Russia and the United States.

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