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Thomas L. Wilborn Dr.

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STRATEGIC IMPLICATIONS OF THE
U.S.-DPRK FRAMEWORK AGREEMENT

Thomas L. Wilborn

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FOREWORD

The United States and the Democratic People’s Republic of Korea (DPRK) signed an unprecedented framework agreement in October 1994 to halt the latter’s nuclear weapons program, establish low-level diplomatic contacts between Washington and Pyongyang, and reduce tensions on the Korean peninsula. In this study, the author argues that it also places the United States, South Korea’s historic ally and partner with South Korea in the Combined Forces Command, in a new and unfamiliar role as mediator of conflict on the peninsula.

The author contends that the responsibility for implementing this complicated agreement, which involves sensitive political issues for all nations involved, falls primarily on the United States. He contends that U.S. performance of its responsibilities under the agreement will profoundly affect the strategic environment of Northeast Asia.

SSI is pleased to offer this monograph as a contribution to the ongoing dialogue on U.S. strategy in Asia and the Pacific.

WILLIAM W. ALLEN
Colonel, U.S. Army
Acting Director
Strategic Studies Institute
THOMAS L. WILBORN, a Research Professor of National Security Affairs, is an Asian specialist with the Strategic Studies Institute of the U.S. Army War College. His recent publications include Security Cooperation with China: Analysis and a Proposal; Japan’s Self-Defense Forces: What Dangers to Northeast Asia?; Stability, Security Structures, and U.S. Policy for East Asia and the Pacific; and How Northeast Asians View Their Security, Strategic Studies Institute, U.S. Army War College, 1994, 1993, 1992, and 1991, respectively; and “Arms Control and R.O.K. Relations with the D.P.R.K.,” The Korean Journal of Defense Analysis, Winter 1990. He is also author or coauthor of several other studies and articles related to Asian security, nuclear doctrine, and NATO. Before joining the Institute in 1975, Dr. Wilborn taught international relations and political science at James Madison University and Central Missouri University, and served on a University of Kentucky educational assistance group working at the Institut Teknologi Bandung, Bandung, Indonesia. He received the Ph.D. degree in political science from the University of Kentucky.
SUMMARY

On October 21, 1994, the United States and the Democratic People’s Republic of Korea (DPRK) signed an “Agreed Framework” which is designed to provide the procedure to resolve the dispute over North Korea’s nuclear weapons program. If and when successfully executed, it will satisfy U.S. negotiating objectives, but, in the process, propel the United States into the center of North-South conflict. For South Korea, in addition to the explicit benefits of the provisions, it will facilitate more frequent and meaningful communication between the two halves of the now divided peninsula and a gradual, rather than chaotic, path to unification.

Generally, the Agreed Framework obligates North Korea to:

• eliminate its existing capability to produce weapons grade plutonium;

• resume, after several years delay, full membership in the Nuclear Nonproliferation Treaty, including the requirement to comply completely with its safeguard agreement with the International Atomic Energy Agency (IAEA), which mandates allowing IAEA inspectors to investigate suspected nuclear waste sites and to place any nuclear material not previously identified under IAEA safeguards.

• consistently take steps to execute the North-South Joint Declaration on the Denuclearization of the Korean Peninsula; and

• engage in North-South dialogue.

An international consortium led by the United States (Korea Energy Development Organization [KEDO]), with South Korea and Japan paying most of the costs, will have provided North Korea with:

• two 1,000 mw(e) light water reactor (LWR) power plants, priced at some $4 billion; and

• heavy oil, reaching 500,000 tons annually, to compensate for the capacity forfeited by North Korea by freezing its graphite-modulated reactors.
The United States and the DPRK each agreed to:

- open liaison offices in the capital of the other, and
- reduce barriers to trade and investment.

As of the end of February 1995, Pyongyang has complied scrupulously with technical aspects of the agreement, but has resisted the resumption of dialogue with Seoul. It also was threatening to reject the contract with KEDO, presumably to be presented in April, which will specify South Korean LWR power plants.

Washington’s obligations to implement the agreement would be challenging under the best of circumstances, when all the principal parties shared a broad political consensus. But only a limited consensus exists, with serious differing interpretations of several provisions of the Agreed Framework. Moreover, there may be significant political changes within all of the governments—United States, ROK, Japan, China, Russia, and the DPRK—involved in carrying out the agreement. Therefore, to see that North Korea’s nuclear weapons program is terminated, North-South dialogue is resumed, and all of the other requirements of the Agreed Framework are met, Washington necessarily will be involved in sensitive and extremely difficult negotiations. It must simultaneously be a mediator between the DPRK, a long-time enemy, and the ROK, a long-time ally, and continue to be ally and friend of South Korea. How the United States performs this role will not only affect the global campaign against proliferation of weapons of mass destruction, North-South confrontation on the Korean peninsula, and regional stability, but also U.S. credibility among allies everywhere.
STRATEGIC IMPLICATIONS OF THE U.S.-DPRK FRAMEWORK AGREEMENT

On October 21, 1994, the governments of the United States and the Democratic People’s Republic of Korea (DPRK) reached agreement on a complicated formula to resolve the dispute over North Korea’s nuclear weapons program. In the highly controversial settlement, most U.S. critics have focused on Pyongyang’s unreliability or the high costs of the proposed solution. On the other hand, most supporters have dwelled on the curbs to North Korea’s nuclear program. However, whatever its shortcomings, if fully implemented this agreement will have profound strategic consequences for the United States, both Koreas, and potentially other nations of the region.

While this monograph examines the content of the document and the criticisms of it, the core of the presentation analyses the strategic implications of the agreement and the likely problems in its implementation. The primary focus concerns the unavoidable involvement of the United States as a mediator in inter-Korean relations while still maintaining its alliance with the Republic of Korea (ROK), and the changes in North Korea’s status which full implementation may foster.

THE AGREED FRAMEWORK

The agreement actually consists of three documents: the “Agreed Framework between the United States of America and the Democratic People’s Republic of Korea,” a letter from President Clinton to Kim Jong Il, and a “Confidential Minute” included at the request of Pyongyang. The Agreed Framework and letter appear in Appendices A and B, respectively. Ambassador at Large Robert Gallucci, who headed the U.S. negotiating team, has said that the confidential minute contains no secret deals, but only explicates and extends the Framework. When fully and faithfully implemented, which would be in 2003 (the target date of the Framework), or perhaps later, North Korea will have two operational light-water reactor (LWR) power stations with a capacity of 2,000 MW(e), and the International Atomic Energy Agency (IAEA) will be in possession of the knowledge (if it is technically possible to retrieve it) of how much plutonium North Korea had produced before the agreement was signed. The DPRK will not be pursuing a nuclear weapons program and North and South Korea will be engaged in wide-
The Framework specifies a complicated pattern of actions by North Korea, on the one hand, and by the United States, in most cases representing the international consortium established under the agreement, on the other. In some cases, steps by one side are predicated on the completion of steps by the other side. In other cases, the Framework does not indicate timing or specific quids pro quo.

According to the Framework, the first deadline for action was November 20, 1994, when Pyongyang was to freeze the operation of its 5 MW reactor and reprocessing facility, and suspend work on two reactors under construction. In fact, the DPRK froze all operations and construction on November 2, some 3 weeks sooner than necessary. The Framework also required Pyongyang, which must remain a member of the Nonproliferation Treaty (NPT), to allow the IAEA to monitor the freeze. IAEA inspectors arrived in the DPRK in late November 1994.

In the meantime, the United States must make arrangements to begin providing heavy oil to North Korea, which will reach a level of 500,000 tons annually, “to offset the energy foregone due to the freeze of the DPRK’s graphite- moderated reactors and related facilities, pending completion of the first LWR unit.”

The first oil shipment was delivered on January 18, 1995. In November and December 1994, Washington started the machinery to provide the DPRK with the LWR power stations. These arrangements include setting up an international consortium, the Korea Energy Development Organization (KEDO), which will provide Pyongyang its benefits. The Framework specifically provides that the United States will be the principal point of contact for KEDO with the DPRK.

By April 20, 1995, Washington will make its “best efforts” to conclude a supply contract between KEDO and Pyongyang. According to Ambassador Gallucci, North Korea has agreed that the contract will provide for long-term repayment of the costs of the reactors by the DPRK through barter arrangements. Moreover, in his letter to Kim, written the day before the Agreed Framework and Confidential Minute were signed, President Clinton promised that, subject to the approval of Congress, the United States would
provide the LWRs and fuel if the consortium failed to do so “for reasons beyond the control of the DPRK.”

From a nonproliferation perspective, light-water reactors have at least two advantages over the North Korean designed graphite-modulated reactors. The former require a more sophisticated and costly process to refuel and extract spent fuel. When the spent fuel is obtained, it contains dangerous isotopes not suitable for the production of weapons. By comparison, graphite-modulated reactors can be refueled, and weapons grade plutonium extracted, relatively frequently and cheaply. Nonetheless, the LWR power plants to be constructed in North Korea will have a greater capacity than the graphite-modulated reactors in operation (5 MW) and under construction (50 MW and 250 MW) at Yongbyon. Additionally they will produce more plutonium, even if it is more difficult to extract, than would be produced by the reactors which have been frozen. The second advantage is that Pyongyang will depend on outside sources for the enriched uranium required to fuel LWRs. The natural uranium which fuels graphite-modulated reactors is produced within North Korea.

When the supply contract between KEDO and the DPRK is signed, Pyongyang must permit the IAEA to resume ad hoc and routine inspections on nuclear facilities initially declared to the IAEA by North Korea which were not subject to the freeze under the agreement. Pending completion of the supply contract IAEA must be allowed to conduct inspections to assure the continuity of safeguards as far as those facilities are concerned. Pyongyang had cooperated fully with the IAEA through February 1995.

Both sides reduced barriers to trade and investment, as required by the Agreed Framework, by January 20, 1995. North Korea ended its embargo on American goods, phone calls, and financial transactions. U.S. banks will no longer freeze dollars which pass through them in the course of international trade transactions involving North Korea. U.S. flagged ships may now dock at North Korean ports. The United States took more limited steps. Telephone communications and the use of credit cards will now be permitted in North Korea. U.S. news organizations may open offices there, and North Korean news organizations may operate in the United States. Washington also ended the ban on the import of magnesite, one of the few North Korean products for which there is a demand in the United States. Further relaxations of trade barriers are
possible in the future. Under the provisions of the Framework, the two sides have held expert talks on (1) issues related to the LWR project and (2) specific arrangements for storage and ultimate disposition of some 8,000 spent fuel rods now in a cooling pond at Yongbyon. While the Framework only enjoins both parties to find a method to safely store the spent fuel during the construction of the LWRs, and to “dispose of the fuel in a safe manner that does not involve reprocessing in the DPRK,” Gallucci has clearly stated that final disposition will not be in North Korea. Pyongyang was very cooperative—indeed, eager—in facilitating expert talks which were underway before the end of 1994, and reportedly was cooperative at those talks.

Each side should open liaison offices, at the lowest possible level of diplomatic relations, in the capital of the other, presumably as soon as logistics arrangements can be completed, with the goal of full normalization relations “as progress is made on issues of concern to each side.” At his press conference on October 19, 1994, Gallucci indicated that the issues to make progress on would involve fundamental disagreements between the two parties, and include Pyongyang’s offensive forward deployments close to the DMZ, North-South relations, and human rights.

There are only two other milestones in the Framework. One provides that on completion of “significant portions of the LWR project, but before delivery of key nuclear components,” the DPRK must come into full compliance with its safeguards agreement with the IAEA, including whatever measures are required by the IAEA to determine how much plutonium Pyongyang has already produced. The Framework offers no definitions to any of the terms in the phrase quoted above. However, Ambassador Gallucci has indicated that “significant portions of the LWR project” exclude any important nuclear component or any item that is controlled on the nuclear suppliers’ guidelines trigger list. “There’s a specific definition there,” Gallucci said, “and it goes to the nuclear steam supply system of a power reactor. It’s a standard, internationally accepted standard.” Based on the Ambassador’s press conference, but not the Agreed Framework itself, the process of shipping the spent fuel rods will begin at the same time. The other milestone provides that the DPRK will dismantle the graphite-modulated reactors and associated facilities before the LWR project (that is, the second LWR) is completed.
Other provisions of the Agreed Framework are not linked to milestones, but are nevertheless potentially important. Washington is required to provide a written negative security guarantee to Pyongyang with respect to nuclear weapons. The United States already commits itself not to use or threaten to use nuclear weapons against any non-nuclear member of the NPT not allied with a nuclear state. It has now extended this pledge to Pyongyang, even though the DPRK is allied to China and Russia. The other obligations placed on North Korea are less precise and more likely to be subject to varying interpretations.

Pyongyang agrees to “consistently take steps” to execute the “North-South Joint Declaration on the Denuclearization of the Korean Peninsula.” Pyongyang also commits itself to “engage in North-South dialogue, as this Agreed Framework will help create an atmosphere that promotes such dialogue.” However, in the first months after signing the Agreed Framework, the DPRK did nothing to implement the Joint Declaration, and decidedly did not engage in dialogue with the South. A North Korean spokesman is reported to have said that the DPRK would not enter a dialogue with the present ROK government.

CRITICAL APPRAISALS

The harshest U.S. critics of the agreement object to any compromise with the DPRK, an international outlaw state which poses a direct threat to a long-time ally, the Republic of Korea (ROK) and to U.S. forces in South Korea. Unless Pyongyang capitulates to U.S. demands, they prefer coercion, sanctions, and even military action as the means of halting North Korea’s nuclear weapons program and accounting for the plutonium which Pyongyang may have produced in the past. They argue that the Kim Jong Il regime is experiencing serious economic problems, was internationally isolated until the Framework was signed, and is bound to suffer economic collapse or implode in the near future if the United States and its allies do not assist it. Moreover, to these critics, rewarding (or perhaps compromising with) an outlaw regime like Pyongyang is immoral and sets a terrible precedent for other rogue states: start or seem to start a nuclear weapons program and the United States will pay you to stop. A Washington analyst called the agreement an act of criminal appeasement. Four Republican members of the Senate Foreign Relations Committee wrote to President Clinton that “We are left wondering how to
distinguish such a deal from U.S. submission to North Korean nuclear blackmail.”

A second level of criticism deals with complaints about specific provisions of the agreements, some of which appear to be based on a limited understanding of what is actually provided for. The most widespread displeasure is with the timing of reciprocal concessions and actions, particularly the concession which delays special inspections to discover how much plutonium Pyongyang now has on hand. What is to prevent the DPRK regime from expelling IAEA inspectors (it has done so before) when the LWR power plants are completed except for “key nuclear components,” buying the missing parts from vendors in nonconsortium countries, and never revealing how much plutonium is on hand? Or, how can Washington or Seoul force Pyongyang to dismantle the complex at Yongbyon after the consortium has delivered the first LWR? What will prevent Pyongyang from resuming its nuclear weapons program when the LWRs are on-line? Some critics believe that the agreement will not stop the DPRK nuclear weapons program at all, but rather allow the regime to make more bombs than would be possible if the agreement had not been signed.

Supporters of the agreement, including the Clinton administration, while they would prefer to deal with a different regime in Pyongyang and probably would be delighted for North Korea to be incorporated into the ROK, have more specific and fundamentally different objectives:

- placing plutonium produced by North Korea in the past under IAEA safeguards and dismantling any nuclear weapons produced;
- convincing North Korea to permanently halt its nuclear weapons program;
- keeping North Korea within the NPT, in full compliance with its safeguard agreement with IAEA;
- enticing the DPRK out of international isolation; and,
- supporting stability and security on the Korean peninsula and in Northeast Asia.

An assumption underlying the administration’s approach,
especially since former President Carter held his celebrated
discussions with Kim Ill Sung in July 1994, has been that
Pyongyang’s nuclear weapons program was developed as one means to
assure regime and state survival in what the North Korean elite
saw as hostile and deteriorating international and regional
environments. It did not accept the hypothesis, considered an
axiom by some critics of the agreement, that the Kim regime was
determined to develop nuclear weapons at all costs. The
administration believed, therefore, that steps which offered
Pyongyang some way out with respect to North Korea’s major
perceived threats—economic collapse, international isolation, and
nuclear attack—could be the basis of a compromise in which
Pyongyang accepted limitations on its nuclear weapons program,
which Pyongyang has never admitted having anyway. The
administration, which might have to commit U.S. troops in case of
conflict, is also less sanguine than many critics that coercion
against Pyongyang would not lead to a second Korean war with very
heavy casualties and great material damage. Lastly, defenders of
the agreement were not convinced that requisite international
backing for sanctions, which the Clinton administration tried to
obtain before former President Carter’s visit to North Korea,
including the vote of China in the UN Security Council and Japan’s
active support, would be forthcoming.

The administration, largely through Ambassador Gallucci,
presents six arguments in response to these criticisms:

First, the Framework and supporting documents do not
represent submission to blackmail or appeasement. In his early
defense of the agreement, Gallucci implied that the DPRK made more
concessions than the United States. North Korea accepts
limitations on its nuclear energy programs that are more stringent
than those required by the NPT. It is freezing and then
dismantling its reactors and reprocessing facility, not
processing the spent fuel rods removed in July 1994, and allowing
them to be moved to another country. North Korea has no legal
obligation to do any of these things under the NPT.

Second, the steps cited above satisfy U.S. objectives with
respect to North Korea’s current nuclear program. The requirement
that the DPRK remain in the NPT and fulfill its obligations under
the safeguards agreement with the IAEA and also resume dialogue
with the ROK meets U.S. objectives with respect to North Korea’s
future nuclear activity.

Third, Gallucci argues that the delay in authorizing the IAEA to conduct special inspections of the two suspected nuclear waste sites is not critical, and that the Agreed Framework also meets U.S. objectives about North Korea’s past program. Technically, there is no reason for haste because the nuclear waste sites will necessarily still be there in 5 or more years. While politically it would be better for the IAEA to make the determination now, Pyongyang will be denied the critical nuclear components until IAEA has completed whatever inspections and analysis are required. If IAEA finds that more plutonium was generated than Pyongyang originally indicated, it will all have to be accounted for and placed under safeguards before work on the LWR project continues. This provision was one of the final compromises. Pyongyang had previously insisted that special inspections would never be allowed, and Washington, partly in response to strong pressure from Seoul, had previously demanded that the inspections take place before any benefits flow to North Korea. Gallucci and his colleagues would probably agree that the NPT regime, and especially the IAEA, would have greater credibility if the DPRK had fully complied with the IAEA safeguards agreement and had not started to withdraw from the NPT. But they also argue that the NPT regime would be much weaker had Pyongyang withdrawn from the treaty, a likely development had no agreement been reached.

Fourth, the Framework is not based on trust—actions required of Pyongyang can be verified by the IAEA and U.S. national technical means. Benefits will be withheld when there is no compliance.

Fifth, it is a compromise. Some provisions are not ideal and North Korea does make gains. The costs to the international community are significant, but not unreasonable given the benefits: reduction of the threats of nuclear proliferation and instability in Northeast Asia. The outcome of the negotiations is a positive sum solution.

And sixth, the agreement is a precedent only to the degree that other situations have the same characteristics as this one: isolated regime, confrontation with a neighbor which is an ally of the United States, a state divided by the Cold War, and presence of graphite-moderated reactors. Gallucci argues that
there are no similar situations, and probably will not be.\textsuperscript{25}

**STRATEGIC IMPLICATIONS**

U.S. strategic goals for the agreement with the DPRK are to remove North Korea’s nuclear weapons program, preserve the NPT regime, and enhance security on the Korean peninsula, in part by drawing North Korea into a more normal pattern of regional and global relations. If all of the provisions of the Framework, including those related to the Joint Declaration on the Denuclearization of the Korean Peninsula and inter-Korean dialogue, are successfully implemented, those goals should be achieved. Another agreement might have produced a more desirable strategic environment—Pyongyang’s acceptance of immediate special inspections would have strengthened the NPT regime and the IAEA—but no agreement would almost surely have been decidedly worse. There are also implicit strategic consequences which may be at least as important for the United States and the Republic of Korea.

**U.S. Engagement in Inter-Korean Relations.**

The requirement that the United States organize KEDO and act as the point of contact between KEDO and the DPRK not only imposes a heavy obligation on Washington for the resolution of the nuclear weapons issue, but also places Washington in a completely new and ambiguous position with respect to the Korean peninsula. For almost 50 years the patron or ally of the Republic of Korea in opposition to the DPRK, the United States must now act as mediator or balancer between its long-time friend and its long-time adversary. And it must assume this middle position while continuing to uphold the Mutual Security Treaty with the ROK and participate fully in the Combined Forces Command (CFC), which both explicitly target the DPRK as aggressor.

This position, which has inherent inconsistencies, gives Washington new access and opportunities to influence North Korea, and new responsibilities for maintaining stability on the peninsula. It is probably inescapable if Washington is to simultaneously pursue the broad objectives of preventing the North from producing nuclear weapons and enhancing regional stability. As long as the Korean Workers Party regime retains its totalitarian character and continues to threaten the South with an
offensively structured force which can attack with almost no warning, the United States cannot reduce its contribution to the CFC deterrent and still hope to enhance regional stability. On the other hand, Washington must pursue implementation of the Agreed Framework, which requires dialogue with Pyongyang, in order to forestall the North’s nuclear weapons program without provoking conflict.

Washington’s obligations under the Framework would be challenging under any circumstances. Completion of the LWR project, transfer of spent fuel rods out of North Korea, and dismantling the nuclear complex at Yongbyon will all be major undertakings requiring a high level of technological and managerial skill. Nonetheless, if all parties affected by the agreement shared the same interpretation of its provisions and the same zeal for its implementation, the political problems imposed upon Washington would not necessarily be difficult to reconcile.

There is only a limited political consensus about the Agreed Framework, however. Because of this, Washington will be forced to maneuver among contesting interpretations, intergovernment tensions, and unpredictable domestic political contexts in all countries which will play a major role.

It is already clear that Pyongyang, on the one hand, and Washington and Seoul, on the other, interpret the Framework’s provisions concerning the North-South nuclear declaration and the resumption of North-South dialogue very differently. Moreover, according to the South Korean press, Pyongyang, otherwise very forthcoming in implementing the agreement, has insisted again that it, and not KEDO, name the contractor of the LWR power plants, and revived the argument that the LWRs in South Korea were untested and possibly unsafe. Washington holds that the decision is entirely the prerogative of KEDO. In fact, Washington is completely committed to South Korea as the source of the prime contractor, as Ambassador Gallucci, Assistant Secretary of State Winston Lord, and Deputy Secretary of State Strobe Talbott have repeatedly stated. Ambassador Gallucci contends that North Korea acquiesced in the choice of a South Korean reactor during the 1994 Geneva negotiations. But Pyongyang was still insisting in March 1995 that a South Korean LWR was unacceptable. While some of the provisions of the Agreed Framework are fairly precise, there will be differing interpretations of other provisions also throughout
the lengthy implementation process.

Moreover, Washington-Pyongyang relations will not be confined to the Agreed Framework process. But, like the crisis following the pre-Christmas accidental overflight of the Military Demarkation Line by a U.S. helicopter, events involving the United States and the DPRK may have a serious impact on that process. Indeed, the administration probably could not have maintained its commitment to the agreement if the overflight dispute had not been favorably resolved. If Pyongyang attempts to secure unreasonable concessions in a future dispute, Washington’s continued participation will be problematic. In any case, it is virtually certain that there will be more frequent disagreements on a variety of issues when and if U.S.-DPRK contacts increase.

Another major factor complicating the prospects of implementation of the agreement is the hostile tone of North-South relations, never good but rarely as vituperative as at the time of the signing of the Framework. Especially after the death of Great Leader Kim Il Sung in July 1994, Pyongyang’s controlled media launched vicious personal attacks on President Kim Young Sam, and openly encouraged opposition to the South Korean government. Seoul’s attacks on the North were less personal and extreme, but instead of sending condolences to the North Korean people when the Great Leader died (an omission which Pyongyang attacks as an unforgivable affront), the South Korean government chose to emphasize Kim Il Sung’s responsibility for starting the Korean War and other misdeeds of his regime. By the end of 1994, the quality of the rhetoric in Pyongyang and Seoul had, if anything, degenerated. Seoul’s overtures toward Pyongyang to increase economic cooperation were couched in condescending language and suspicion, and Pyongyang’s responses were uncompromisingly negative. These tensions may be a serious barrier to the completion of a KEDO-DPRK supply contract by April 20, 1995, since KEDO intends to name a South Korean contractor. They will clearly have to be modified before North-South discussions can be profitably renewed, as the Agreed Framework requires.

Moreover, resumption of the North-South dialogue is not merely dictated by the Framework; of equal importance it is necessary to remove Pyongyang’s threats of nuclear proliferation and conventional conflict in the long term. Momentarily setting aside the possibility of unification, there can be no assurance
that the DPRK will remain in the NPT or abide by the more restrictive standards of the North-South Joint Declaration on a Nuclear Free Korean Peninsula after the Agreed Framework has been fully implemented unless relations between North and South Korea improve significantly. Ultimately, North Korea must open its borders to freer exchange of ideas and commerce—that is to say, the regime must fundamentally change before the threat to stability will disappear.

The political situation in Seoul and Pyongyang further confounds U.S. efforts to execute the Framework and achieve American long-term objectives. South Korean President Kim Young Sam’s Democratic Liberal Party still has a majority in the National Assembly, but, nevertheless, the ROK’s participation in the Framework process has widespread opposition. Just before the U.S.-DPRK agreement was reached, President Kim himself had pronounced that several provisions which appeared in the final agreement would be unacceptable, and his subsequent support for the Agreed Framework, while consistent, has not always been completely enthusiastic. Many South Korean politicians and analysts are not only concerned about the provisions which also bother a number of American critics, but also about the large sum of money which the ROK is expected to pay.

Most significantly, virtually all South Korean observers believe that the United States did not give sufficient attention to ROK interests, although U.S.-ROK consultation was thorough and frequent during and since the negotiations. There seems to be a pervasive feeling among South Koreans that the Clinton administration let their country down, and that Seoul has lost its ability to directly influence the outcome of events on the peninsula. Many feel that South Korea has no choice but to accept a bad deal which would have been better except for U.S. naivete or, for a few observers, treachery. This is not to say that most South Koreans oppose the agreement. Some intellectuals and conservative interests clearly do, and many more disapprove of some of its provisions. However, the specter of U.S.-DPRK discussions in the absence of ROK-DPRK discussions is widely resented.

Political pressure on Kim Young Sam and his successor (Kim’s term expires in 1997, and he cannot succeed himself) is likely to be reflected in constant demands on the United States to require
exact compliance, including the provisions which have to do with inter-Korean dialogue, from Pyongyang. Those within Seoul’s elite who do support the agreement, or at least believe that South Korean business and the cause of unification can benefit from it, are likely to lose what influence they have if the North-South dialogue is not resumed relatively soon. Support for the Agreed Framework may virtually collapse if the KEDO-DPRK contract to be negotiated by April 20, 1995, and KEDO decisions made pursuant to it, do not award the contract for construction of the LWR to Seoul’s choice of contractor, or significantly restrict Seoul’s ability to control the construction process.

Domestic politics in North Korea remains largely a mystery. Most foreign observers believe that Kim Jong Il, the son of the only supreme leader which North Korea had heretofore known, has successfully replaced his father. However, other Pyongyang watchers believe that the reign of the younger Kim will only be transitory, either because of his health or because elements of the elite will remove him. Kim’s silence during the episode concerning the helicopter shot down in December 1994 gives credence to the latter observers. Pyongyang’s behavior then also suggested disagreements within the elite. While it seems likely that Kim Il Sung’s death expedited generational change within North Korea’s elite, no one is completely sure how far the process has progressed or whether the new generation of leaders will necessarily be more pragmatic and open to better relations with the South. It is likely that some of attitudes and some of the divisions of the older generation will persist within the younger ones to some degree.

Unification of the Korean peninsula, even in the time-span of the Agreed Framework, is clearly a possibility. But unification which resulted from a crisis, implosion or explosion in the North could strain the financial, social, and political structures of South Korea, and create serious migration problems for China, Japan, and perhaps Russia. To these governments, therefore, a nonthreatening path to unification is much more desirable. And, like the resumption of North-South dialogue, peaceful unification would also seem improbable unless there are fundamental changes in the Pyongyang regime.

While without the Agreed Framework Washington might have had only indirect influence on the unification process, its actions
and inactions will now directly affect the North-South dialogue. Washington will have to be imaginative in presenting (or withholding) the incentives provided by the agreement, in order to secure compliance not only with the Framework provisions which apply directly to North Korean nuclear facilities, but also those concerning inter-Korean dialogue. At the same time, it must carefully nurture its alliance with the ROK and encourage Seoul’s cooperation in resuming North-South dialogue.

The ambiguities of the U.S. position will inevitably strain U.S.-ROK relations. To maintain Seoul’s confidence in the United States and the Framework process, and to provide government leaders some protection against charges that the ROK is being ignored by the United States, Washington will need to continue frequent and open consultations in which South Korea has every opportunity to fully articulate its positions. And Washington must do more than listen; it must be very sympathetic to Seoul’s interests, and accommodate them whenever possible.

There are likely to be uncertain political conditions in other capitals involved in the Agreed Framework process. In Washington, a Republican majority containing outspoken critics (but also some hesitant supporters) of the agreement controls both houses of Congress and all of their committees. The Clinton administration may be able to avoid the necessity of getting explicit congressional approval of its actions implementing the Framework, but that will prevent obtaining additional funds and otherwise reduce its freedom of action. Certainly the State Department will be under close congressional scrutiny, frequently required to defend itself before cynical or hostile committees. Had Pyongyang not released Chief Warrant Officer Bobby Hall when it did, majorities in both parties in Congress might have overturned the agreement. Moreover, before the Framework process is concluded, there will be at least two presidential elections and five congressional elections in the United States. New administrations and possibly new congressional personnel overseeing the execution of foreign policy will make a consistent policy less likely than if a single administration were to be responsible throughout the period of implementation of the agreement. At one extreme, a new administration might even withdraw from the process altogether unless real progress was already apparent.
The other major actors in the Framework process will be China and Japan. Their political systems also are potentially unstable. Japan is in the midst of a major political realignment which probably will not significantly affect Tokyo’s attitudes toward the Framework, but is likely to add to the general uncertainty confronting U.S. diplomats responsible for fulfilling the expectations of the agreement.48

China is on the threshold of completing the generational transition from the original leaders of the revolutions to the nomenklatura who have matured since the Communist victory of 1949. At the same time, dramatic economic development strains the capacities of social, political, and legal structures, stimulating tendencies toward decentralization, on the one hand, and nationalism, on the other. Now supportive of the Framework and also sympathetic with the regime in Pyongyang, a shift in orientation toward the Korean peninsula could add additional barriers to implementation of the agreement. At the least, significant political changes in Beijing will resonate throughout the region and in Washington.49

The formation of KEDO, providing funds for its operations, and the negotiation of a supply contract between KEDO and the DPRK have required and still require that Washington negotiate, and perhaps sometimes determine, politically sensitive issues. How can additional nations be persuaded to join KEDO? Japanese officials reportedly believe that members of the European Community should belong, or at least pay a share of LWR costs, since Japan supported clean-up efforts at Chernoble. While it has been understood from the beginning of the last round of negotiations in July that South Korea and Japan would pay almost all of the costs of the LWR project, the exact amounts and terms have apparently not yet been settled. Nor have the United States, South Korea, and Japan agreed who will pay for KEDO’s administrative costs and the fuel to be supplied until the new power plants are on-line.

Washington must also consider Beijing and Moscow, which have direct interest in Korean security and the North Korean nuclear issue but are not parties to the Agreed Framework or members of KEDO.50 In fact, the United States consulted frequently with them during the negotiations, and both have officially endorsed the agreement. But the reaction of Russia to the first steps of
implementing the Framework illustrates the kind of the problems, with potentially wide-ranging ramifications, with which Washington may have to deal. Without opposing the Agreed Framework directly, Moscow has challenged one of the fundamental understandings underlying the arrangement: Seoul would provide most of the money and also provide the reactors. At about the time that U.S. and DPRK representatives were meeting in Beijing during December 1994 to begin discussions on KEDO, Moscow announced plans to send a team of experts to Pyongyang to lobby that a Russian contractor be selected to build the LWR power plants. More seriously, in phrases similar to words used at about the same time with respect to Bosnia and NATO, Moscow asserted its right to be involved in all deliberations affecting the security of Northeast Asia. Moscow reiterated its proposal, first made and rejected by all parties in April 1994, that a 10 party conference—both Korean governments, Japan, the Permanent Members of the Security Council, the IAEA, and the UN—take up the issue of North Korea's nuclear weapons program. Pyongyang, which has insisted all along that the issue was a bilateral one between itself and Washington, is likely to reject the proposal for a 10 party conference again. However, by attempting to impose Russian designed and produced LWRs on KEDO and reintroducing its 10 party conference proposal, Moscow has indicated its willingness to assert its national interests, particularly to insist on a major role in determining security arrangements in Northeast Asia, even at the risk of jeopardizing the Agreed Framework process. Since it is not in Moscow’s interest for Pyongyang to have nuclear weapons, Moscow is unlikely to actually derail the agreement. It is likely to further complicate the U.S. role. Before the Agreed Framework process is completed, it is easy to imagine other disagreements with Moscow, and with China, which will pose difficult political choices for the United States.

In summary, as the executor of the Agreed Framework the United States will necessarily be engaged in a whole range of regional and international interactions which it otherwise might avoid. In a strategic sense, the most important consequence of this engagement could be Washington’s new role of simultaneously being mediator of North-South relations and Seoul’s ally.

**Strategic Implications for the ROK.**

As previously noted, South Koreans are suspicious of the new
direct bilateral channels between Washington and Pyongyang. Until the direct dialogue called for by the Agreed Framework actually begins, they believe that the ROK’s strategic position is substantially worse than before: fundamental questions related to the future of the Korean peninsula are being debated and decisions are being made without Seoul’s direct participation. In practical terms, Washington’s close and frequent consultation has allowed Seoul to exercise significant influence—but that is not the same thing as full participation. In psychological terms, especially in view of the zero-sum logic of implacable enemies, this situation is a strategic loss for the ROK, even though other consequences of the Agreed Framework are favorable to South Korea. When the official North-South dialogues on the future of the peninsula resume, South Korea’s absence from U.S.-DPRK Agreed Framework negotiations will be much less important.

Over and beyond the benefits of reduced nuclear threat and a general lowering of tensions, one of the most important gains is that the shipments of petroleum under the agreement and the greater access to international lending agencies implied by the agreement will help stabilize North Korea’s moribund command economy. Paradoxically, most South Korean leaders believe that a stronger (but not too strong) economy for their long-time enemy is essential to prevent a near-term German-style unification which might cost South Korea billions of dollars it cannot afford, preceded by an influx of millions of refugees it cannot accommodate. Instead, all other things being equal, the South Korean preference is for unification through a gradual process in which Pyongyang slowly adopts market reforms, and North Korean GNP increases. By this scenario, political reform follows economic reform, and in a decade of so, DPRK and ROK agree to merge in a democratic, market-economy system. The direct economic benefits to Pyongyang under the Agreed Framework can help sustain North Korea until the limited reforms which Pyongyang has undertaken begin to show positive results, and the gradual process toward unification begins.

Another major development with broad strategic implications for Seoul is the necessity for Pyongyang to allow interaction between North Korean and South Korean nuclear and construction specialists once KEDO assigns the LWR contract to a South Korean concern. These contacts, especially when added to increased communications between North Koreans and IAEA personnel and U.S.
nuclear specialists, must inevitably stimulate the flow of information into the DPRK about South Korea and the rest of the world. Pyongyang’s opposition to a South Korean contractor is probably based more on fear of the spread of knowledge about South Korea and its modern society than on the alleged technical shortcomings of the South Korean reactor design. In any case, penetrating Pyongyang’s isolation through increased contacts with the South and the rest of the world has long been one of Seoul’s primary objectives.

Increased information flows generated by the Agreed Framework will involve relatively few individuals, and they will be closely monitored. However, these flows will take place at a time when more people are visiting Pyongyang than in the past, and when the DPRK is encouraging foreign investment, and thus even more visitors, in its newly created free economic zones. All of these increased flows of people, and thus information, will clearly be restricted. In the near term, the impact on society will be neither pervasive nor dramatic. Nonetheless, the chance that this increased access to information can cause dissatisfaction among sectors of the elite or otherwise affect the nature of the regime is probably greater than ever before.

CONCLUSIONS

For the United States, the most important, immediate strategic consequence of the Agreed Framework negotiated with the DPRK, other than the gains in nonproliferation and regional stability, is that Washington is now at the center of the controversy between North and South Korea, one of the most enduring confrontations of the 20th century. It may be a temporary situation. If the promises of the agreement are all fulfilled in 2003 or thereabouts, stability will prevail on a nuclear-free Korean peninsula, and there will no longer be a need for a dominant—or perhaps any—U.S. role. If the promises of the agreement are not realized, the United States probably will revert to ally of South Korea—the familiar role of participant in this conflict spawned by the Cold War—rather than the unfamiliar task of mediating between long-standing enemy and long-standing friend.

Realistically, it is unlikely that either the Agreed Framework will be faithfully executed by all concerned or that it will fail because of the treachery of any one participant, be it
the DPRK, ROK, or the United States itself. More likely, the Agreement Framework will be implemented imperfectly by all parties, and the process will be extended beyond the target date suggested by the negotiators. U.S. engagement as mediator between friend and enemy, democracy and totalitarian dictatorship, may continue well into the 21st century.

This extremely difficult—perhaps unprecedented—role is as important to fulfill as it is difficult. The way in which Washington carries out its responsibilities will influence the credibility of the NPT regime, regional stability, and the way in which North and South Korea approach unification. And it will also become a major factor in defining the overall international role of the United States in coming decades. If the United States can effectively oversee the successful implementation of the Agreement Framework, while at the same time honoring its obligations—especially the military ones—under the U.S.-ROK alliance and aggressively pursuing American economic interests within the region, it may be able to execute a strategy of engagement and enlargement well into the next century. On the other hand, unsuccessful and poorly coordinated activities will endanger the NPT, regional stability, and peaceful unification in Korea.

The most difficult obstacle is the intense hostility between Pyongyang and Seoul. Skillful diplomacy by the United States can assist in bringing the two sides together, but even if there are meetings there will be no genuine dialogue on substantive questions and certainly no agreements until the two antagonists desire it. Genuine substantive dialogue appears to be extremely unlikely now. The chances will probably increase when the leaders in the North feel more secure in their positions. The presence of new personalities in the South, which inevitably will occur after the presidential election in 1997, may also facilitate convening a new inter-Korean dialogue.

U.S. success in this unique international undertaking, with significant international, regional, and national implications, then, depends upon resolution, sustained attention, and diplomatic skill. However, the Agreement Framework process and the satisfaction of U.S. security objectives—not to mention the credibility of the United States as an ally—are, in part, held hostage to détente between Pyongyang and Seoul.
ENDNOTES


2. USIA Foreign Press Center Briefing, October 19, 1994 (hereinafter, Briefing), as recorded by the Federal News Reuter Transcript Service. Gallucci was Assistant Secretary of State for Political-Military Affairs as well as Ambassador at Large for the North Korean nuclear problem at the time of the negotiations.

3. Andrew Mack, “Nuclear Endgame on the Korean Peninsula,” Northeast Asia Peace and Security Network (NAPSNet), notes that it is technically extremely difficult to determine how much plutonium may have been extracted.


5. KEDO was established on March 9, 1995, with a membership of six: the United States, Japan, the ROK, Australia, Canada, and New Zealand. Fourteen other nations attended the organizational meetings in New York, and some of them expressed interest in joining. Steven Greehouse, “U.S. Presses North Korea to Accept Reactors Made By South,” The New York Times, March 10, 1995, p. A11. Details of organization were not announced, but earlier it was reported that the organization will be located in New York, with an American Secretary General and South Korean and Japanese Deputy Secretaries General. There will be a three member board of governors (United States, ROK, and Japan), each with a veto over all decisions. YONHAP in English, transcribed in Foreign Broadcast Information Service Daily Report for Asia and the Pacific (FBIS-EAS)-94-242, December 16, 1994, p. 42.


8. LWRs are more expensive and difficult to refuel partly because their fuel is clad with zirconium, which must be stripped to acquire spent fuel. See “Testimony of Leonard Spector,” Carnegie Endowment for International Peace, as transcribed in NAPSNet Daily Report for February 7, 1995, for an extended discussion of the technical characteristics of LWRs which relate to nonproliferation.

9. Harold Agnew, former Director of Los Alamos, in a letter to the editor of the San Diego Union, placed in the record of the Senate Energy and Natural Resources Committee during its hearing on the Agreed Framework, held January 29, 1995. The estimate was supported by Gary Milhollin, Wisconsin Project on Disarmament, in testimony during the same hearing. NAPSNet Daily Report for January 20, 1995.

10. Pyongyang reported five other operations. They include a nuclear fuel fabrication plant, two uranium mines, and two plants for the production of uranium concentrate. “North Korea Submits Declaration to IAEA,” Arms Control Today, May 1992, p. 18.


16. Ibid.

17. Ibid.


24. Ibid.

26. On the technological and institutional problems in constructing and operating LWRs in North Korea, see Levy and Hayes, particularly the latter.

27. First Vice Foreign Minister of Foreign Affairs Kang Sok Ju has said that dialogue with South Korea will begin after the proper atmosphere is created by the Agreed Framework. “DPRK Chief Delegate to DPRK-USA Talks Interviewed,” KCNA in English, October 23, 1994, as transcribed in FBIS-EAS-94-205, October 24, 1994, p. 34. Foreign Minister Kim Young Nam stated that South Korea had to apologize for failing to offer condolences on the death of Kim Il Sung. Frankfurter Allgemeine Zeitung, December 14, 1994.


30. See State Department Briefing by Deputy Secretary Talbott and Assistant Secretary Lord, February 3, 1995, as transcribed in NAPSNet Daily Report for February 6, 1995.


32. Democrats as well as Republicans were frustrated and angry at Pyongyang’s behavior. See Ben Barber, “Dole Threatens Accord in Bid to Free Airman,” The Washington Times, December 28,
33. Personal attacks on South Korean President Kim Young Sam, including calls for the South Korean people to revolt against him, appear daily in Pyongyang’s broadcasts to the rest of the world. For example, see “‘Mastermind of Social Evils’ Must be Removed,” KCNA in English, December 3, 1994, transcribed in FBIS-EAS-94-233, December 5, 1994, p. 32; and “Ill-Boding Bellicose Outpourings,” KCNA in English, January 15, 1995, transcribed in FBIS-EAS-95-010, p. 31. They also appear in Korean language media. See especially “A Joint Editorial of Nodong Sinmun, Chosen Inmingun, and Nodong Chongnyon on the New Year,” KCNA in English, January 1, 1995, transcribed in FBIS-EAS-95-001, January 3, 1995, p. 34, which appeared in Korean in all North Korean dailies.

34. Mack, “Nuclear Endgame on the Korean Peninsula.”


40. During a February 1995 visit to Seoul, almost all Koreans the author met indicated great concern about direct U.S.-DPRK negotiations. In one way or another, they suggested that South Korea had lost "face" as a result of the agreement.


46. Senator John McCain; Senator Jesse Helms, Chairman of the Senate Foreign Affairs Committee; and Majority Leader Senator Robert Dole have been outspoken critics. Senator Frank Murkowski, Chairman of the Senate Committee on Energy and Natural Resources, opposes certain provisions. Republican members of the House have been less outspoken, but none are known to actively support the Agreed Framework.


50. Membership is open to both nations. They did not attend the preparatory conference of KEDO in March, despite the urging of the United States. See Greenhouse, “U.S Presses North Korea to Accept Reactors Made by South.”


54. For instance, Russia has insisted that it must be a member of KEDO with the same status as the United States, South
Korea, and Japan, although it has not offered any funds to the project. That status would provide Moscow with a veto over KEDO decisions.


APPENDIX A

AGREED FRAMEWORK BETWEEN THE
UNITED STATES OF AMERICA AND THE
DEMOCRATIC PEOPLE’S REPUBLIC OF KOREA

Geneva, October 21, 1994

Delegations of the Governments of the United States of America (U.S.) and the Democratic People’s Republic of Korea (DPRK) held talks in Geneva from September 23 to October 17, 1994, to negotiate an overall resolution of the nuclear issue on the Korean Peninsula.

Both sides reaffirmed the importance of attaining the objectives contained in the August 12, 1994 Agreed Statement between the U.S. and the DPRK and upholding the principles of the June 11, 1993 Joint Statement of the U.S. and the DPRK to achieve peace and security on a nuclear-free Korean peninsula. The U.S. and the DPRK decided to take the following actions for the resolution of the nuclear issue:

I. Both sides will cooperate to replace the DPRK’s graphite-moderated reactors and related facilities with light-water reactor (LWR) power plants.

1) In accordance with the October 20, 1994 letter of assurance from the U.S. President, the U.S. will undertake to make arrangements for the provision to the DPRK of a LWR project with a total generating capacity of approximately 2,000 MW(e) by a target date of 2003.

   -- The U.S. will organize under its leadership an international consortium to finance and supply the LWR project to be provided to the DPRK. The U.S., representing the international consortium, will serve as the principal point of contact with the DPRK for the LWR project.

   -- The U.S., representing the consortium, will make best efforts to secure the conclusion of a supply contract with the DPRK within six months of the date of this Document for the provision of the LWR project.
Contract talks will begin as soon as possible after the
date of this Document.

-- As necessary, the U.S. and the DPRK will
conclude a bilateral agreement for cooperation in the
field of peaceful uses of nuclear energy.

2) In accordance with the October 20, 1994 letter of
assurance from the U.S. President, the U.S., representing the
consortium, will make arrangements to offset the energy foregone
due to the freeze of the DPRK’s graphite-moderated reactors and
related facilities, pending completion of the first LWR unit.

-- Alternative energy will be provided
in the form of heavy oil for heating and
electricity production.

-- Deliveries of heavy oil will begin
within three months of the date of this
Document and will reach a rate of 500,000
tons annually, in accordance with an agreed
schedule of deliveries.

3) Upon receipt of U.S. assurances for the provision of
LWR’s and for arrangements for interim energy alternatives, the
DPRK will freeze its graphite-moderated reactors and related
facilities and will eventually dismantle these reactors and
related facilities.

-- The freeze on the DPRK’s graphite-moderated
reactors and related facilities will be fully
implemented within one month of the date of this
Document. During this one-month period, and throughout
the freeze, the International Atomic Energy Agency
(IAEA) will be allowed to monitor this freeze, and the
DPRK will provide full cooperation to the IAEA for this
purpose.

-- Dismantlement of the DPRK’s graphite-moderated
reactors and related facilities will be completed when
the LWR project is completed.

-- The U.S. and DPRK will cooperate in finding a
method to store safely the spent fuel from the 5 MW(e) experimental reactor during the construction of the LWR project, and to dispose of the fuel in a safe manner that does not involve reprocessing in the DPRK.

4) As soon as possible after the date of this document, U.S. and DPRK experts will hold two sets of experts talks.

   -- At one set of talks, experts will discuss issues related to alternative energy and the replacement of the graphite-moderated reactor program with the LWR project.

   -- At the other set of talks, experts will discuss specific arrangements for spend fuel storage and ultimate disposition.

II. The two sides will move toward full normalization of political and economic relations.

1) Within three months of the date of this Document, both sides will reduce barriers to trade and investment, including restrictions on telecommunications services and financial transactions.

2) Each side will open a liaison office in the other’s capital following resolution of consular and other technical issues through expert level discussions.

3) As progress is made on issues of concern to each side, the U.S. and DPRK will upgrade bilateral relations to the Ambassadorial level.

III. Both sides will work together for peace and security on a nuclear-free Korean peninsula.

1) The U.S. will provide formal assurances to the DPRK, against the threat or use of nuclear weapons by the U.S.

2) The DPRK will consistently take steps to implement the North-South Joint Declaration on the Denuclearization of the Korean peninsula.
3) The DPRK will engage in North-South dialogue, as this Agreed Framework will help create an atmosphere that promotes such dialogue.

IV. Both sides will work together to strengthen the international nuclear non-proliferation regime.

1) The DPRK will remain a party to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and will allow implementation of its safeguards agreement under the Treaty.

2) Upon conclusion of the supply contract for the provision of the LWR project, ad hoc and routine inspections will resume under the DPRK’s safeguards agreement with the IAEA with respect to the facilities not subject to the freeze. Pending conclusion of the supply contract, inspections required by the IAEA for the continuity of safeguards will continue at the facilities not subject to the freeze.

3) When a significant portion of the LWR project is completed, but before delivery of key nuclear components, the DPRK will come into full compliance with its safeguard agreement with the IAEA (INFCIRC/403), including taking all steps that may be deemed necessary by the IAEA, following consultations with the Agency with regard to verifying the accuracy and completeness of the DPRK’s initial report on all nuclear material in the DPRK.

Kang Sok Ju
Head of the Delegation for the Democratic People’s Republic of Korea
First Vice-Minister of Foreign Affairs of the Democratic People’s Republic of Korea

Robert L. Gallucci
Head of the Delegation of United States of America
Ambassador at Large of the United States of America
APPENDIX B

His Excellency Kim Jong-Il
Supreme Leader of the Democratic People’s Republic of Korea,
Pyongyang

Excellency:

I wish to confirm to you that I will use the full powers of my office to facilitate arrangements for the financing and construction of a light water nuclear power reactor project within the DPRK, and the funding and implementation of interim energy alternatives for the Democratic People’s Republic of Korea pending completion of the first reactor unit of the light-water reactor project. In addition, in the event that this reactor project is not completed for reasons beyond the control of the DPRK, I will use the full powers of my office to provide, to the extent necessary, such a project from the United States, subject to approval of the U.S. Congress. Similarly, in the event that the interim energy alternatives are not provided for reasons beyond the control of the DPRK, I will use the full powers of my office to provide, to the extent necessary, such interim energy alternatives from the United States, subject to the approval of the U.S. Congress.

I will follow this course of action so long as the DPRK continues to implement the policies described in the agreed framework between the United States of America and the Democratic People’s Republic of Korea.

Sincerely,

Bill Clinton
President of U.S.A.

The White House
Washington

October 20, 1994