

FOIA MARKER

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Folder Title:

North Korea/South Korea [4]

Staff Office-Individual:

Legislative Affairs-Davis, William

Original OA/ID Number:

959

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40	3	2	1	V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memo	action, Sandra Kristoff to Anthony Lake re Annoucement (2 pages)	02/01/1996	P1/b(1)
001b. cable	re Food Aid for North Korea (2 pages)	01/31/1996	P1/b(1)
002a. paper	re CPL Breakfast (2 pages)	01/23/1996	P1/b(1)
002b. email	William Davis to Peter Bass re Congressional Strategy (1 page)	01/23/1996	P1/b(1)
002c. email	Peter Bass to William Danvers et al re Package 0091 (1 page)	01/22/1996	P1/b(1)
002d. draft	memo, action, Eric Schwartz to Anthony Lake re Food Aid (4 pages)	01/18/1996	P1/b(1)
002e. email	William Davis to Kelly Letts et al re Package for Concurrence (1 page)	01/17/1996	P1/b(1)
002f. draft	memo, action, Eric Schwartz to Anthony Lake re Food Aid [duplicate of 002d w edits] (3 pages)	01/16/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
William Davis (Legislative Affairs)
OA/Box Number: 959

FOLDER TITLE:

North Korea/South Korea [3]

2009-0528-F

kc1455

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

THE WHITE HOUSE

Office of the Press Secretary
(Cheju, South Korea)

Embargoed For Release
12:30 P.M. (L)
April 16, 1996

BACKGROUND BRIEFING
BY
SENIOR ADMINISTRATION OFFICIALS

Hyatt Regency Hotel
Cheju, South Korea

8:52 A.M. (L)

SENIOR ADMINISTRATION OFFICIAL: The joint U.S.-ROK announcement, the proposal to hold a four-party meeting to promote peace on the Korean Peninsula, will, in fact, be the subject of the press conference between President Kim and President Clinton this afternoon.

The key points of that announcement are: First, that the two Presidents met to exchange views regarding the situation on the Peninsula, and reaffirmed their shared desire to work positively to encourage a process of reconciliation for the Peninsula. Secondly, that the United States reaffirmed its commitment to the security of the Republic of Korea and to the strength of the alliance. Third, that the two Presidents are proposing to convene a four-party meeting of the representatives of the Republic of Korea, the Democratic People's Republic of Korea, the People's Republic of China, and the United States as soon as possible and without preconditions. The purpose of this proposal is to initiate a process aimed at achieving a permanent peace agreement. The two Presidents are likely to reaffirm their belief that the military armistice agreement must remain in place until a permanent stable peace arrangement is reached to take its place. And finally, that the two Presidents hopefully will indicate their desire that this process will over time address a wide range of issues.

There was a question about the 1991 Baker idea, which was a two-plus-four idea that came up in '88 and then again in '91. That idea in '91 was not well responded to, not positively responded to, by either of the Koreas or by China. And therefore, the proposal did not go very far.

So the key points: We're here to reaffirm the security alliance, the solidarity with South Korea; it's a four-way process, we're not in any way suggesting that the United States and North Korea will negotiate a separate peace agreement; the offer will be put out today, it is a generous offer and will remain open.

And then there were questions about communications that we've had over the last several days with the North and with China. The question was asked, how has China responded. So far they have responded with understanding. As far as North Korea, we have not received any official reply from them.

We did, in fact, inform the Japanese, who have reacted with support. And we have -- who have reacted with support at the -- Secretary Perry was in Tokyo just a day ago and spoke to Japanese officials about this.

Q What exactly would be the standing of the United States and China at such a -- is this really an effort to get what amounts to bilateral talks going with the United States and China as helpful participants or observers, or are all parties somehow equal at this table?

SENIOR ADMINISTRATION OFFICIAL: Well, you have used a couple of words that apply -- participate, helpful. The notion is that it is a four-party proposal, yet it is not intended to undermine our belief that peace on the Peninsula is primarily the responsibility of the Korean people, North and South. And so the U.S. necessarily has to be a helper, a facilitator, a promoter of that because in the final analysis it will be North and South.

Q So it applies to the turnaround of our --

SENIOR ADMINISTRATION OFFICIAL: Yes -- well, yes.

Q So the two parties were to agree, the likelihood of the other two undoing it is limited, I presume.

SENIOR ADMINISTRATION OFFICIAL: Were there to be a reconciliation between North and South that satisfied all of the

interests of each, then one would expect those that have been trying to help them facilitate that to be supportive, yes.

Q You said, no preconditions but that you would assume that all parties would agree that the armistice stays in effect. Is that kind of not a precondition?

SENIOR ADMINISTRATION OFFICIAL: The armistice is in effect now, has been in effect, and the terms of the armistice itself and the establishment of the commission spell out that it will stay in effect until there is a permanent peace that replaces it.

Q So if the North Koreans would say, well, we will come to the meetings, but we're not saying that we necessarily agree that the armistice is in effect, would the meetings go on anyway?

SENIOR ADMINISTRATION OFFICIAL: This is a peace proposal. This is an offer to begin a process to achieve a permanent on the Peninsula.

Q I don't think that is an answer to the question. The question is, if they said we would come to this meeting but we don't accept that the armistice is in effect, would the meeting go on anyway?

SENIOR ADMINISTRATION OFFICIAL: Well, I think what we have to do is wait and see how we are going to implement this proposal once we have heard reactions from the North.

Q Short of a peace settlement, Mike mentioned confidence-building measures in the interim you hope this would facilitate. Give me some examples of what measures you would like to see.

SENIOR ADMINISTRATION OFFICIAL: Confidence-building measures in the military area, for example, could involve moving troops back from positions of confrontation, not unlike some of the confidence-building measures that take place in other regional security fora. Over a period of time, one might anticipate that you could get into discussions on economic kinds of issues.

Do you have any others?

Q Why do you think the North would be ready to deal with the South at this point when they have refused, right along, and assisted that it be strictly a U.S.-North Korean operation?

SENIOR ADMINISTRATION OFFICIAL: Probably because countries act in their own self-interest, and there is a constellation of factors coming together on the Korean Peninsula now that lead us and others to believe that the timing for toward proposal is ripe.

Q You mean, the starvation and so forth?

SENIOR ADMINISTRATION OFFICIAL: And the deteriorating economic conditions, yes.

Q When you say economic issues, is the U.S. prepared to offer any sort of aid?

SENIOR ADMINISTRATION OFFICIAL: We haven't talked about -- we have not talked about any of the details of how this would be implemented yet even with the South Koreans in terms of when the meeting would be, where the meeting would be, what kind of an agenda that would be. That is the next step after today's announcement.

Q And is there any quid pro quo being offered to the Chinese for their support, investment?

SENIOR ADMINISTRATION OFFICIAL: No. No, this is a U.S.-ROK offer to initiate a peace process on the Peninsula. And that is the totality of it.

Q Did they ask for a quid pro quo and we turned them down, or is it just --

SENIOR ADMINISTRATION OFFICIAL: No. No, we have informed the Chinese, along with the Japanese and the North Koreans of the content of this proposal. The Japanese have been very supportive, the Chinese have been very understanding, and we don't yet have an official reaction from the north.

Q If we get it, or we like it or --

SENIOR ADMINISTRATION OFFICIAL: The Chinese have said that they share the desire to achieve a permanent and stable peace on the Korean Peninsula. They share the desire to have the armistice continue until it is replaced by a permanent peace.

Q From a political standpoint, would the Chinese not expect that if they were to participate in this, that they would not be slapped with any sanctions by the U.S.?

SENIOR ADMINISTRATION OFFICIAL: You're asking about a larger U.S.-China relationship question, not about the particular proposal. I think the way that we are dealing with the Chinese is that we are engaging them on a broad range of issues, pushing forward our interests as we derive them, as we see them, and there are not at this point the kinds of linkages that you're suggesting.

Q Mike said earlier that if we have this happy outcome, what is it between President's Clinton and Kim that they have to work out in this meeting this morning before they have a news conference?

SENIOR ADMINISTRATION OFFICIAL: Well, the two Presidents will have an opportunity to discuss what the two National Security Advisors, Mr. Yoo and Mr. Lake have been working on for the last couple of months. They'll have an opportunity to talk about the follow-up steps, what comes next. They'll share their views on the situation on the Korean Peninsula. They'll probably also share views about regional security issues.

Q Let me put it another way. In what way would they not have a happy outcome? What would keep them from having that?

SENIOR ADMINISTRATION OFFICIAL: At the moment, I think it's a happy outcome. Pretty well said. (Laughter.)

SENIOR ADMINISTRATION OFFICIAL: I think since they're talking on embargo, it's pretty clear they're already --(laughter) --

Q Was this by phone or did he come over here?

SENIOR ADMINISTRATION OFFICIAL: Mr. Lake actually was here on a trip with Bob. That was what, about --

SENIOR ADMINISTRATION OFFICIAL: February.

SENIOR ADMINISTRATION OFFICIAL: -- February, and then there's been regular phone and written communication between Mr. Lake and Mr. Yoo.

SENIOR ADMINISTRATION OFFICIAL: You will recall we were a little bit oblique when we announced that we would be stopping here today, but I would say the announcement today is certainly not the only reason we are here, but it was an aspect of the decision to make this stop.

Q You pointed out that the last time there was a proposal like this, the Chinese were not so excited about it. What's in it for them now that would make them want to do this?

SENIOR ADMINISTRATION OFFICIAL: I think what's different, really, truly, candidly is that that was five years ago. And the situation on the Peninsula in 1996 is significantly different than it was five years go in terms of both the political situation in the north as well as the economic situation.

SENIOR ADMINISTRATION OFFICIAL: I might also add that the Chinese have a much better relationship with the Republic of Korea now with formally established relations than they did in 1988 or 1991.

Q Are you suggesting there is more deterioration in the North's environment that makes China worry about its border too?

SENIOR ADMINISTRATION OFFICIAL: I think that's probably a consideration.

Q Why wasn't there just a proposal for the North and South Koreans to resume a dialogue with the United States alone as a participant, excluding China?

SENIOR ADMINISTRATION OFFICIAL: I think when you look at the situation on the Peninsula and at the region more broadly, if you're going to have anything that lasts for a long time that reaches the point of stability and permanence, you really have to have the key players; and China is the great emerging force over then next 10 or 15 years.

SENIOR ADMINISTRATION OFFICIAL: Also, from a technical perspective, since we're talking about replacing the armistice agreement which was signed by those four, that was the appropriate group to include in this particular proposal.

Q Is it anticipated then that China and the U.S. would become guarantors or enforcers of any sort of peace agreement?

SENIOR ADMINISTRATION OFFICIAL: I think you'd have to wait and see, assuming that the peace process proposal that's being offered is accepted and that it gets underway, and then we're at a point where we've hammered out the terms of a peace agreement, presumably that element, the role of China and the United States in a permanent peace agreement, would have to be the subject of a discussion subject to negotiation. It's premature to say whether we would be guarantors.

Q What's your assessment of where Kim Jung Il is fully in charge and would be the guy who you'd be dealing with in this or is the military --

SENIOR ADMINISTRATION OFFICIAL: The situation in the North, I mean, it's an opaque society. There are probably twice as many opinions about what's happening there as there are people in the room. Certainly, there is a large strand of analysis that suggests that it is the military that is in control.

Q Does that include him or are you saying he's not fully in charge?

SENIOR ADMINISTRATION OFFICIAL: There's a large portion of analysis that suggests that the military is in control in the North.

Q Is that your assessment?

SENIOR ADMINISTRATION OFFICIAL: My assessment doesn't matter.

Q Have China and North Korea indicated when they would respond to your offer? Is there a deadline?

SENIOR ADMINISTRATION OFFICIAL: No, there is no deadline, there are no preconditions. This is an open offer. It will stay on the table.

Q Do you know when they might respond to your offer at all?

SENIOR ADMINISTRATION OFFICIAL: No, not to my knowledge.

Q -- hasn't been that live an issue in diplomacy between U.S. and Korea, North Korea and South Korea lately. Yet we have this incursion into the DMZ a couple of weeks ago. Did they get wind of this, make a point about the armistice? Are they responding to us? Are we responding to them? Why is the armistice now the subject of our diplomacy?

SENIOR ADMINISTRATION OFFICIAL: I think, as Mike suggested in his comments, this is something that has been underway for a long time, the notion of our desire to have resolution on the Peninsula and to have it predicated on a North-South dialogue, not on a U.S.-North Korea dialogue, has been out there for many years, as a matter of fact. The discussions between Lake and Yoo predated the incursions into the DMZ.

Q Do you foresee anyone from the United States going over there to talk to the North Koreans and lay this out in person?

SENIOR ADMINISTRATION OFFICIAL: We have only begun thinking about that ourselves and we have not come to an answer. And that is -- the next set of questions after this announcement will be all of the details -- the where, whens and hows.

Q Peace treaty -- peace treaty would be signed at a four-party meeting, or at the South and North Korean meeting?

SENIOR ADMINISTRATION OFFICIAL: Well, I think that that's one of the, the sort of mechanical questions, if you will, that would have to be answered once the peace process got underway.

Q Will there be any U.S., any reference to the separate U.S. talks that have been going on with North Korea on such issues as missile proliferation and MIA issues?

SENIOR ADMINISTRATION OFFICIAL: Those subjects may very well be discussed between the two Presidents, but they are separate and apart from this peace proposal which stands on its own merits.

Q To get back one last time to the previous question, are you saying that this won't have any impact on your decision to take or not to take sanctions against China with regard to further -- matters?

SENIOR ADMINISTRATION OFFICIAL: I think the U.S.-China relationship is broad and multifaceted. We are in discussions with them at a variety of levels and the calculus in any individual issue has a lot of factors at play.

Q (Inaudible.)

No, that's true. To go back to the particular ring magnet case that Secretary Christopher is looking at, his determination on the A-25 case has nothing to do with this issue on the Peninsula.

THE PRESS: Thank you.

END

9:10 A.M. (L)

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

April 2, 1996

EXECUTIVE ORDER

- - - - -

KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION

By the authority vested in me as President by the Constitution and the laws of the United States of America, including section 1 of the International Organizations Immunities Act (59 Stat. 669, 22 U.S.C. 288), and having found that the Korean Peninsula Energy Development Organization is a public international organization in which the United States participates within the meaning of the International Organizations Immunities Act, I hereby designate the Korean Peninsula Energy Development Organization as a public international organization entitled to enjoy the privileges, exemptions, and immunities conferred by the International Organizations Immunities Act. This designation is not intended to abridge in any respect privileges, exemptions, or immunities that such organization may have acquired or may acquire by international agreements or by congressional action.

WILLIAM J. CLINTON

THE WHITE HOUSE,
April 1, 1996.

#

Davis, William K.

From: Samore, Gary S.
To: Millison, Cathy L.; @NONPRO - Export Controls
Cc: /R, Record at A1; @RECORDS & ACCESS MGMT; @EXECSEC - Executive Secretary; @PRESS - Public Affairs; @LEGISLAT-Legislative Affairs; @ASIA - Asian Affairs
Subject: RE: [UNCLASSIFIED]
Date: Friday, April 05, 1996 10:39AM

No statement at this time please. I'm working with State to orchestrate announcements and letters to the Hill early next week. Thanks.

From: Millison, Cathy L.
To: @NONPRO - Export Controls
CC: /R, Record at A1; @RECORDS & ACCESS MGMT; @EXECSEC - Executive Secretary; @PRESS - Public Affairs; @LEGISLAT-Legislative Affairs; @ASIA - Asian Affairs
Subject: RE: [UNCLASSIFIED]
Date: Friday, April 05, 1996 10:15 AM

Clerk's office is asking if we want a press statement put out on this. Let me know, please. Thanks.

From: Kerr, Andrew S.
To: @NONPRO - Export Controls; @ASIA - Asian Affairs; @RECORDS & ACCESS MGMT; @EXECSEC - Executive Secretary; @LEGISLAT-Legislative Affairs
CC: /R, Record at A1
Subject: [UNCLASSIFIED]
Date: Friday, April 05, 1996 09:53 AM

Per the white House clerks office the President signed the PD on US assistance to KEDO. This time they mean it.

Davis, William K.

From: Millison, Cathy L.
To: @NONPRO - Export Controls
Cc: /R, Record at A1; @RECORDS & ACCESS MGMT; @EXECSEC - Executive Secretary;
@PRESS - Public Affairs; @LEGISLAT-Legislative Affairs; @ASIA - Asian Affairs
Subject: RE: [UNCLASSIFIED]
Date: Friday, April 05, 1996 10:15AM

Clerk's office is asking if we want a press statement put out on this. Let me know, please. Thanks.

From: Kerr, Andrew S.
To: @NONPRO - Export Controls; @ASIA - Asian Affairs; @RECORDS & ACCESS MGMT; @EXECSEC - Executive Secretary; @LEGISLAT-Legislative Affairs
CC: /R, Record at A1
Subject: [UNCLASSIFIED]
Date: Friday, April 05, 1996 09:53 AM

Per the white House clerks office the President signed the PD on US assistance to KEDO. This time they mean it.

LEGISLATIVE AFFAIRS

3/28 INFO

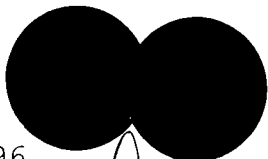
DANVERS _____

BENDICK RB

DAVIS _____

VOILA!

Concurrence called in
—



March 28, 1996

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: DANIEL PONEMAN

FROM: GARY SAMORE

SUBJECT: Presidential Determinations Required for U.S.
Assistance to the Korean Peninsula Energy
Development Organization (KEDO)

*Comments
ASTP
May
1996*

The memo to the President at Tab I recommends that he initiate the legal steps required to obligate up to \$22 million authorized by Congress for KEDO in FY96.

The President must make three substantive certifications under Section 575 of the Foreign Operations Appropriations Act: 1) that an ROK firm has been designated as the prime contractor for the Light water reactor (LWR) project; 2) that the DPRK nuclear program has remained frozen; and 3) that the U.S. is making efforts to encourage North-South dialogue. The first two are not controversial, but some members of Congress may argue that we are not doing enough to assure North-South dialogue.

In addition to the three substantive certifications, the President must issue a 614 waiver of the Foreign Assistance Act to allow U.S. funding to KEDO. Some Congressional staffers have threatened to block the 614 waiver on procedural grounds, claiming that any U.S. funding to KEDO above \$13 million is subject to Congressional reprogramming procedures. In our original budget request last year for KEDO, we said we planned on spending \$10 million on heavy fuel oil, \$10 million on the LWR project, and \$3 million on KEDO administration costs. Since Congress prohibited any U.S. funding for the LWR project, we have told Congress that we now intend to use our entire FY96 KEDO contribution of up to \$22 million for heavy fuel oil and administrative expenses. There is no legal basis to require a reprogramming for any shifting of funds within the total amount authorized by Congress.

If the President approves the attached memo, then the NSC will authorize the Department of State (via a Sens-Burns memo) to transmit a letter from the acting Assistant Secretary of State for Legislative Affairs to the relevant Foreign Affairs and

Appropriations Committee Chairmen (Tab II). The letter will notify Congress that the President has made the three substantive certifications under Section 575 and intends to use his 614 waiver authority to authorize U.S. funding for KEDO. The letter to Congress includes the formal 575 determination and the Memorandum of Justification for both the 575 determination and the 614 waiver. After the letter is sent, Win Lord and Paul Cleveland (the new U.S. representative to the KEDO Executive Board) plan to meet with members and staff to resolve any objections.

Once Congressional consultations have been completed, we will ask the President to sign the 614 waiver, which will allow U.S. funds to go to KEDO. (KEDO estimates it will need our funds by early summer to continue heavy fuel oil deliveries.)

RECOMMENDATION

That you sign the memorandum to the President at Tab I.

That you authorize Andrew Sens to sign the memorandum at Tab II, if the President approves the memo at Tab I.

Approve _____

Disapprove _____

UCB

Concurrence: Bob Suettinger, Alan Kreczko, Bill Danvers, Jim Nix

Attachments

Tab I	Memorandum for the President
	Tab A Presidential 575 Determination and Justification
	Tab B Presidential 614 Determination and Justification
Tab II	Proposed Sens-Burns Memorandum
	Tab A Proposed Barbara Larkin Letter, with attachments
Tab III	Incoming Correspondence

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: ANTHONY LAKE
JOHN HILLEY

SUBJECT: U.S. Financial Assistance to the Korean Peninsula
Energy Development Organization (KEDO)

Purpose

To initiate the legal steps required to obligate U.S. financial assistance to the Korean Peninsula Energy Development Organization (KEDO) for FY96.

Background

The Foreign Operations Appropriations Act (FOAA), 1996 (P.L. 104-107) authorizes the Administration to provide up to \$22 million to the Korean Peninsula Energy Development Organization (KEDO) in FY 1996. In order to obligate funds to KEDO, you must take two legal steps.

First, Section 575 of the FOAA requires a Presidential Determination that a) KEDO has designated an ROK company for the purpose of negotiating the prime contract for the light water reactor project; b) the DPRK is maintaining the freeze on its nuclear facilities; and c) the United States is taking steps to assure progress on North-South dialogue and implementation of the Joint North-South Denuclearization Declaration. All of these conditions have been met. Therefore, I recommend that you sign the required Presidential Determination at Tab A, which will be provided to Congress along with a detailed Memorandum of Justification.

Second, you must exercise Presidential waiver authority under Section 614 of the Foreign Assistance Act to overcome various prohibitions or restrictions on direct or indirect assistance to North Korea. The Section 614 provision gives the President authority to redirect foreign assistance funds, when he determines that it "is important to the security interests of the United States" to do so. A written statement of justification and, as a matter of practice, 15 days advance consultations with

cc: Vice President
Chief of Staff

specific Congressional Committees are required prior to exercise of this authority. Attached at Tab B is a draft Presidential Determination and Memorandum of Justification for the 614 waiver, which will be provided to Congress as part of our advance consultations. Following these consultations, we will request that you sign the determination at Tab B under cover of a separate memorandum, which will then allow FY96 U.S. funds to be obligated to KEDO.

Based on our preliminary soundings on the Hill, we do not expect widespread opposition to U.S. funding for KEDO, although some members and staffers have raised various substantive and procedural concerns. Once you have authorized Congressional consultations, the Department of State will seek meetings with interested members to resolve these issues.

RECOMMENDATION

That you sign the Presidential Determination at Tab A.

That you authorize State to consult with the Hill on the exercise of your 614 authority for the purpose of waiving statutory restrictions on U.S. assistance to KEDO.

Approve _____

Disapprove _____

Attachment

Tab A Presidential 575 Determination and Justification
 Tab B Presidential 614 Determination and Justification

The White House
Washington, D.C.
Presidential Determination
No. _____

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Determination Under the Heading "International Organizations and Programs" in Title IV of the Foreign Operations Appropriations Act for FY 1996: U.S. Contribution to KEDO

Pursuant to the requirements set forth under the heading "International Organizations and Programs" in Title IV of the Foreign Operations Appropriations Act, 1996 (P.L. 104-107), I determine and certify that:

(a) in accordance with Section 1 of the Agreed Framework, KEDO has designated a Republic of Korea company, corporation or entity for the purpose of negotiating a prime contract to carry out construction of the light water reactors provided for in the Agreed Framework; and

(b) the Democratic People's Republic of Korea (DPRK) is maintaining the freeze on its nuclear facilities as required in the Agreed Framework; and

(c) the United States is taking steps to assure that progress is made on (1) the North South dialogue, including efforts to reduce barriers to trade and investment, such as removing restrictions on travel, telecommunications services and financial transactions; and (2) implementation of the January 1, 1992, Joint Declaration on the Denuclearization of the Korean Peninsula.

You are authorized and directed to report these determinations and certifications to the Congress and to publish them in the Federal Register.

MEMORANDUM OF JUSTIFICATION
FOR DETERMINATIONS AND CERTIFICATIONS
UNDER THE HEADING "INTERNATIONAL ORGANIZATIONS AND PROGRAMS"
IN TITLE IV OF
THE FOREIGN OPERATIONS APPROPRIATIONS ACT, 1996
IN CONNECTION WITH THE U.S. CONTRIBUTION TO
THE KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION (KEDO)

Pursuant to the requirements set forth under the heading "International Organizations and Programs" in Title IV of the Foreign Operations Appropriations Act, 1996 (P.L. 104-107), I have determined that:

(a) in accordance with Section 1 of the Agreed Framework, KEDO has designated a Republic of Korea company, corporation or entity for the purpose of negotiating a prime contract to carry out construction of the light water reactors provided for in the Agreed Framework; and

(b) the Democratic People's Republic of Korea (DPRK) is maintaining the freeze on its nuclear facilities as required in the Agreed Framework; and

(c) the United States is taking steps to assure that progress is made on (1) the North South dialogue, including efforts to reduce barriers to trade and investment, such as removing restrictions on travel, telecommunications services and financial transactions; and (2) implementation of the January 1, 1992, Joint Declaration on the Denuclearization of the Korean Peninsula.

The justification for these determinations is set forth below.

(a) - Designation of ROK Company

In section I of the Agreed Framework between the United States of America and the Democratic People's Republic of Korea (DPRK), signed in Geneva on October 21, 1994, the two parties stated that they would cooperate in replacing the DPRK's graphite-moderated reactors and related facilities with light-water reactor (LWR) power plants. The U.S. further stated that it would undertake to make arrangements for the provision of the LWR project to the DPRK, including organizing under its leadership an international consortium to finance and supply the project. This organization, the Korean Peninsula Energy Development Organization (KEDO), was created on March 9, 1995, by agreement of the U.S., Japan, and the ROK. These parties have agreed that the ROK will assume the central role in financing and building the LWR project.

On June 13, 1995, in Kuala Lumpur, the United States and the DPRK issued a joint statement providing that KEDO will select both the LWR reactor model and the prime contractor to carry out the project. (These points were confirmed in the LWR

supply agreement between KEDO and the DPRK, signed December 15, 1995 in New York City.) On the same date as the Kuala Lumpur statement (June 13, 1995), the KEDO Executive Board decided by Board resolution that an ROK reactor model (Ulchin 3/4) would be built in the DPRK by an ROK firm. The Executive Board resolution designated the Korean Electric Power Corporation (KEPCO) as the firm with which KEDO would begin negotiating a prime contract for the light-water reactor project. These negotiations are under way.

(b) - DPRK Maintenance of the Freeze

Section I(3) of the U.S.-DPRK Agreed Framework provides for the immediate freeze and eventual dismantlement of all graphite-moderated reactors and related facilities in the DPRK. Within this context, the DPRK agreed to implement the freeze on its nuclear facilities within one month after the signing of the Agreed Framework and to allow the International Atomic Energy Agency (IAEA) to monitor the freeze on its facilities, with the full cooperation of the DPRK. In addition, the U.S and DPRK agreed to cooperate in finding a method to store safely the spent fuel from the DPRK's 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.

Since November 1994, all of North Korea's graphite-moderated nuclear facilities have been frozen. Specifically, this means no refueling or operation of the 5MW research reactor; no construction on the 50 and 200 MW reactors; no reprocessing and sealing of the reprocessing facility; no operation of the fuel fabrication plant; and no construction of new graphite-moderated reactors or related facilities. The IAEA has maintained a continuous presence at the Nyongbyon nuclear facility and has continued with inspection activities related to verifying and monitoring the freeze in the DPRK according to the terms of the Agreed Framework. In addition to IAEA monitoring activities, the United States continues to monitor the freeze through National Technical Means.

With the successful conclusion of the December 15, 1995 agreement on the supply of light-water reactors (LWRs) to the DPRK, signed between the DPRK and KEDO in New York City, the IAEA will resume ad hoc and routine inspections under the DPRK's safeguards agreement with the IAEA with respect to the facilities not subject to the freeze. The IAEA and DPRK meet periodically to discuss any outstanding safeguards issues that arise, most recently on January 22, 1996. During this meeting, both sides agreed to measures for safely storing the DPRK's spent nuclear fuel from its 5 MW(e) research reactor. When the

first LWR unit is completed, the IAEA will have oversight over the dismantlement of the DPRK's nuclear facilities which will be completed when the second LWR unit is completed.

In January 1995, the U.S. and DPRK agreed on the method for safely storing the DPRK's spent nuclear fuel as an interim step before it is shipped out of the DPRK, as defined in the Agreed Framework. U.S. technical experts have been in the DPRK since July 1995 preparing the fuel for canning in a cooperative joint effort with the DPRK. Actual canning is expected to commence soon and will last approximately three months.

(c) - North-South Dialogue and the Joint Declaration

The U.S.-DPRK Agreed Framework provides that "the DPRK will engage in North-South dialogue." Since then, the U.S. has taken steps to support South Korean initiatives toward the North and to encourage the DPRK to fulfill its commitment to engage in dialogue as soon as possible. In all of our bilateral contacts with the DPRK, the U.S. has made clear that improvement in North-South relations is the key to peace and security on the Korean peninsula, and a requirement if U.S.-DPRK bilateral relations are to continue to move forward. Ambassador Robert L. Gallucci, during his tenure as Chairman of the Senior Steering Committee on Korea, had frequent occasion to raise the issue of North-South relations in his correspondence with his North Korean counterpart, First Vice Minister of Foreign Affairs Kang Sok Ju. Deputy Assistant Secretary of State Thomas Hubbard raised the North-South issue repeatedly during the May-June 1995 negotiations with the North Koreans in Kuala Lumpur on the LWR supply agreement. Most recently, Mr. Hubbard raised this issue when he met with North Korean Ambassador-at-Large Ho Jung in December 1995. Finally, working level officials have repeatedly stressed to their North Korean counterparts the importance of the DPRK improving relations with the South. Over the last year, these points have been made at all three rounds of U.S.-DPRK negotiations on the opening of liaison offices, and repeatedly in contacts with officials of the DPRK Mission to the UN.

In support of ROK initiatives, we have conveyed South Korean positions -- and U.S. support for those positions -- to the DPRK and others. At South Korea's request we have raised several particular issues with the DPRK, sometimes with positive effect. The South Korean government has expressed its appreciation for these U.S. efforts. During this period North and South Korea held a series of bilateral meetings in Beijing that produced an agreement whereby the South provided 150,000 tons of rice to the North as a grant. In December 1995, the DPRK released the crew of a South Korean fishing vessel which strayed into North Korean waters earlier in the year, a step which the ROK had been urging the DPRK to take.

On January 1, 1992, the Republic of Korea and the Democratic People's Republic of Korea issued the Joint Declaration of the Denuclearization of the Korean Peninsula. The provisions of the Joint Declaration state that the North and South:

- shall not test, manufacture, produce, receive, possess, store, deploy or use nuclear weapons;
- shall use nuclear energy solely for peaceful purposes;
- shall not possess nuclear reprocessing and uranium enrichment facilities, and;
- in order to verify the denuclearization of the Korean Peninsula, shall conduct inspections of the objects selected by the other side and agreed upon between the two sides, in accordance with procedures and methods to be determined by the South-North Nuclear Control Commission which shall be established within one month of the effectuation of this joint declaration.

The DPRK and the ROK held a series of South-North Joint Nuclear Control Commission meetings in early 1992 as specified in the Joint Declaration, but these were discontinued as relations between the two Korean states worsened and the DPRK threatened to withdraw from the Nuclear Non-Proliferation Treaty (NPT) and refused to cooperate with the IAEA. As a result, the absence of sustained governmental talks between the ROK and DPRK has delayed further implementation of the Denuclearization Declaration.

The United States has, however, taken steps to encourage DPRK compliance with the Joint Declaration by encouraging North-South dialogue and ensuring DPRK implementation of the Agreed Framework. The Agreed Framework, as a step towards full implementation of the Denuclearization Declaration, has succeeded in illiciting positive DPRK movement on key provisions of the Declaration. Specifically, North Korea's willingness to freeze immediately and eventually dismantle its graphite-moderated nuclear reactors and related facilities has halted activities which would, had they not been stopped, given the DPRK a nuclear weapons capability. Such a capability would have been a threat to peace and security on the Korean Peninsula as well as to Northeast Asia. The DPRK agreement to forego reprocessing under the Agreed Framework and to replace its existing nuclear reactors with proliferation-resistant LWRs represents a major step toward assuring the DPRK will not test, manufacture, produce, store, deploy or possess nuclear weapons. In addition, by agreeing to allow a continuous IAEA inspector presence on the ground and to come into full compliance with its IAEA safeguards obligations, including

taking all steps that may be deemed necessary by the IAEA with regard to verifying the accuracy and completeness of the DPRK's initial report on all nuclear material in the DPRK, the DPRK has not only gone beyond its NPT and IAEA safeguards obligations but also is taking steps related to the inspection objectives set forth in the Denuclearization Declaration.

**DRAFT: WILL BE RESUBMITTED FOR SIGNATURE
AFTER STATUTORY CONSULTATIONS WITH CONGRESS**

The White House
Washington, D.C.
Presidential Determination
No. _____

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Use of International Organizations and Programs
Account Funds for the U.S. Contribution to KEDO

Pursuant to the authority vested in me by section 614(a)(1) of the Foreign Assistance Act of 1961, as amended, 22 U.S.C. 2364(a)(1) ("the Act"), I hereby determine that it is important to the security interests of the United States to furnish up to \$22 million in funds made available under the heading "International Operations and Programs" in Title IV of the Foreign Operations Appropriations Act, 1996 (P.L. 104-107) for the United States contribution to the Korean Peninsula Energy Development Organization without regard to any provision of law within the scope of section 614(a)(1). I hereby authorize this contribution.

You are hereby authorized and directed to transmit this determination to the Congress and to arrange for its publication in the Federal Register.

MEMORANDUM OF JUSTIFICATION
UNDER SECTION 614 OF THE FOREIGN ASSISTANCE ACT
TO PROVIDE U.S. CONTRIBUTIONS TO THE KOREAN PENINSULA
ENERGY DEVELOPMENT ORGANIZATION (KEDO)

The Administration proposes that up to \$22.0 million in FY 1996 International Organizations and Programs (IO&P) funds be used for a U.S. contribution to the Korean Peninsula Energy Development Organization (KEDO), an international consortium established to implement the Agreed Framework signed between the United States and the Democratic People's Republic of Korea (DPRK) on October 21, 1994. This funding level for U.S. contributions to KEDO was specified in the Administration's congressional presentation documents for the Foreign Operations Appropriations Act, 1996 (P.L. 104-107). KEDO would be permitted to use the U.S. contribution to help cover the FY 1996 administrative and heavy fuel oil shipment expenses.

In order to make available the funds appropriated for this contribution, the President intends to exercise his authority under section 614(a)(1) of the Foreign Assistance Act of 1961, as amended, to authorize the voluntary contribution to KEDO without regard to applicable statutory restrictions within the scope of this section, including any restrictions in sections 307, 620A, 620(f), or 530 of the Foreign Assistance Act or sections 507, 516, 523, or 527A of the Foreign Operations Appropriations Act.

The Agreed Framework addresses U.S. and international concerns about the DPRK's nuclear weapons program and, if fully implemented, will lead ultimately to the complete dismantlement of North Korea's current nuclear program. Under the U.S.-DPRK Agreed Framework, the U.S. represented that it would "organize under its leadership an international consortium to finance and supply the light-water reactor (LWR) project to be provided to the DPRK." In order to meet this pledge, the U.S., South Korea (ROK) and Japan agreed on the creation of an international organization, KEDO, to implement the reactor project, the annual delivery of 500,000 metric tons of heavy fuel oil delivery to North Korea and other possible projects called for in the Agreed Framework (e.g., the transfer of spent fuel out of the DPRK for ultimate disposition). The U.S., ROK and Japan have played and will continue to play leading roles in KEDO.

KEDO's purpose is to coordinate cooperation among interested parties in the international community and to facilitate the financing and execution of projects needed to implement the Agreed Framework. KEDO members have agreed to cooperate in taking the steps necessary to implement the Agreed Framework consistent with the Charter of the United Nations, the Treaty on the Nonproliferation of Nuclear Weapons, the North-South Declaration on the Denuclearization of the Korean Peninsula, and the Statute of the International Atomic Energy Agency. Moreover, KEDO will obtain assurances that nuclear materials, equipment, or technology transferred to the DPRK in connection with projects undertaken by KEDO will be used exclusively for such projects, only for peaceful purposes, and in a manner that ensures the safe use of nuclear energy. The continued funding of KEDO is critical to the success of the specific objectives of the Agreed Framework, the general goals of international nuclear nonproliferation, and the aim of maintaining peace and security on the Korean Peninsula.

KEDO is located in New York and is directed by an Executive Board consisting of representatives of the original member countries-- the U.S., Japan, and the ROK. Other members may participate in its activities by serving on advisory committees covering the organization's projects, attending the KEDO General Conference, participating in ad hoc technical meetings relating to KEDO projects and, in some cases, sending technical experts to serve in the KEDO secretariat. The day-to-day operations of KEDO are directed by Executive Director Stephen Bosworth, former U.S. Ambassador to the Philippines, assisted by two Deputy Executive Directors (one from Japan and one from the ROK). KEDO is seeking to contract with private firms for the bulk of the legal, technical, and financial expertise required to oversee the LWR project and other projects. It will have a secretariat consisting of approximately 30 people to carry out its functions.

The U.S. contribution to KEDO will help fund: 1) KEDO's FY 1996 costs for office space, office supplies, communications, consulting costs and legal services, and employee remuneration for a staff of thirty people, including the Executive Director, the two Deputy Directors, and support personnel; and 2) a portion of the estimated \$50 million worth of heavy fuel oil due to be shipped in 1996. These funds are essential to KEDO's ability to meet the terms of the U.S.-DPRK Agreed Framework regarding the provision of heavy fuel oil. Should KEDO fail to meet these deliveries, the DPRK might renege on its Agreed Framework obligations, including possibly breaking the freeze on its nuclear program. Hence, early transfer of these funds is essential to meeting our nonproliferation objectives in the DPRK.

MEMORANDUM FOR WILLIAM J. BURNS
Executive Secretary
Department of State

SUBJECT: Presidential Determinations and Waiver of
Statutory Restrictions on U.S. Assistance to the
Korean Peninsula Energy Development Organization
(KEDO)

The NSC concurs in the transmittal of the attached Letter of Notification (Tab A) to the Congress, including the Presidential Determination under Section 575 of the Foreign Operations Appropriations Act, the Memorandum of Justification for the Section 575 determination, and the Memorandum of Justification under Section 614 of the Foreign Assistance Act.

Andrew D. Sens
Executive Secretary

Attachments
Tab A

Barbara Larkin letter, with attachments

Draft

To be sent to Chairs of Foreign Relations and Appropriations Committees following receipt of Presidential determination:

Dear Mr. Chairman:

On March -, 1996, the President signed Presidential Determination No. regarding the U.S. contribution to the Korean Peninsula Energy Development Organization (KEDO). The President has determined and certified pursuant to the requirements under the heading "International Organizations and Programs" in Title IV of the Foreign Operations Appropriations Act for FY 1996 that:

(a) in accordance with Section 1 of the Agreed Framework, KEDO has designated a Republic of Korea company, corporation or entity for the purpose of negotiating a prime contract to carry out construction of the light water reactors provided for in the Agreed Framework; and

(b) the DPRK is maintaining the freeze on its nuclear facilities as required in the Agreed Framework;

(c) the United States is taking steps to assure that progress is made on (1) the North South dialogue, including efforts to reduce barriers to trade and investment, such as removing restrictions on travel, telecommunications services and financial transactions; and (2) implementation of the January 1, 1992 Joint Declaration on the Denuclearization of the Korean Peninsula.

This Determination and the Justification for it have been submitted to the Appropriations Committees as required under the headings "International Organizations and Programs" in Title IV. Copies are enclosed for your information. The President will submit the report required under section 575(d) of the Foreign Operations Appropriations Act, 1996 (P.L. 104-107), in accordance with the schedule specified in that Act.

In addition, we wish to inform you that the President proposes to exercise his authority under section 614(a)(1) of the Foreign Assistance Act, as amended (the "Act"), to authorize the furnishing of up to \$22.0 million in FY 1996 International Organizations and Programs (IO&P) funds for a U.S. contribution to the Korean Peninsula Energy Development

The Honorable

_____, Chairman,
Committee on _____

Organization (KEDO), without regard to provisions of law within the scope of that section. This funding level is the same as specified in the Administration's congressional presentation documents for the Foreign Operations Appropriations Act, 1996 (P.L. 104-107).

The U.S. contribution will be used to help cover the FY 1996 costs of KEDO, an international consortium established to implement the Agreed Framework between the United States and the Democratic People's Republic of Korea (DPRK), signed October 21, 1994. Under the Agreed Framework, the U.S. agreed to organize under its leadership an international consortium to finance and supply two light-water reactors (LWR) to the DPRK. The U.S. also agreed to make arrangements for the provision to the DPRK of annual shipments of heavy fuel oil. In return, North Korea agreed to "freeze" and eventually dismantle its potentially dangerous graphite nuclear reactor program. It also agreed to allow implementation of full-scope safeguards by the International Atomic Energy Agency (IAEA) on its nuclear facilities in accordance with the timetable specified in the Agreed Framework.

In an important milestone, on December 15, 1995, the Democratic People's Republic of Korea and KEDO signed an agreement for the provision of the two light-water reactors specified under the Agreed Framework. Even before that signing, KEDO had begun conducting activities in North Korea to survey the potential site for those reactors. Those activities will probably be concluded in the Spring of 1996 at which time the site may be turned over to KEDO to begin preparations for construction. In the meantime, North Korea continues to maintain the freeze on its nuclear facilities and that freeze is being monitored by international inspectors from the IAEA.

The United States, Japan and South Korea have played and will continue to play a leading role in KEDO through the organization's Executive Board, its main decision-making body. The Republic of Korea will play the central role in financing and constructing KEDO's reactor project -- estimated to cost approximately \$4 billion -- and has already contributed an additional \$1.8 million for initial KEDO administrative costs. Japan will play a significant role in financing that project and has already contributed \$3 million for the initial reactor site survey, in addition to its \$2.8 million for initial KEDO administrative costs. We expect further financial contributions from both countries to KEDO's administrative costs and its projects in 1996.

Significant progress has been made in securing additional members and contributions for KEDO and its activities. Over the past year, the three Executive Board members have

approached more than thirty-five countries from Europe, Asia, Latin America and the Middle East to ask their support for the organization. The results have been positive. In 1995, we were able to recruit four new members for KEDO -- Australia, New Zealand, Canada and Finland -- as well as to raise funds from a total of ten countries. So far, in 1996, France, Argentina and Indonesia have indicated that they will join KEDO. France, Argentina, Norway, and Germany have pledged additional funding for the organization. We look forward to additional pledges to join KEDO and contribute to the organization over the coming year.

As described in more detail in the enclosed Memorandum of Justification under section 614 of the Act, we believe that the use of these funds in the manner described is essential to carrying out the terms and conditions of the Agreed Framework and in achieving our high-priority nuclear nonproliferation objectives.

Please do not hesitate to contact us if you believe we may be of further assistance.

Sincerely,

Barbara Larkin
Assistant Secretary
Legislative Affairs

Enclosures:

- (1) Presidential Determination under Section 575 of FOAA
- (2) Memorandum of Justification Concerning Presidential Determination
- (3) Memorandum of Justification under Section 614 of FAA

The White House
Washington, D.C.
Presidential Determination
No. _____

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Determination Under the Heading "International Organizations and Programs" in Title IV of the Foreign Operations Appropriations Act for FY 1996: U.S. Contribution to KEDO

Pursuant to the requirements set forth under the heading "International Organizations and Programs" in Title IV of the Foreign Operations Appropriations Act, 1996 (P.L. 104-107), I determine and certify that:

(a) in accordance with Section 1 of the Agreed Framework, KEDO has designated a Republic of Korea company, corporation or entity for the purpose of negotiating a prime contract to carry out construction of the light water reactors provided for in the Agreed Framework; and

(b) the Democratic People's Republic of Korea (DPRK) is maintaining the freeze on its nuclear facilities as required in the Agreed Framework; and

(c) the United States is taking steps to assure that progress is made on (1) the North South dialogue, including efforts to reduce barriers to trade and investment, such as removing restrictions on travel, telecommunications services and financial transactions; and (2) implementation of the January 1, 1992, Joint Declaration on the Denuclearization of the Korean Peninsula.

You are authorized and directed to report these determinations and certifications to the Congress and to publish them in the Federal Register.

MEMORANDUM OF JUSTIFICATION
FOR DETERMINATIONS AND CERTIFICATIONS
UNDER THE HEADING "INTERNATIONAL ORGANIZATIONS AND PROGRAMS"
IN TITLE IV OF
THE FOREIGN OPERATIONS APPROPRIATIONS ACT, 1996
IN CONNECTION WITH THE U.S. CONTRIBUTION TO
THE KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION (KEDO)

Pursuant to the requirements set forth under the heading "International Organizations and Programs" in Title IV of the Foreign Operations Appropriations Act, 1996 (P.L. 104-107), I have determined that:

(a) in accordance with Section 1 of the Agreed Framework, KEDO has designated a Republic of Korea company, corporation or entity for the purpose of negotiating a prime contract to carry out construction of the light water reactors provided for in the Agreed Framework; and

(b) the Democratic People's Republic of Korea (DPRK) is maintaining the freeze on its nuclear facilities as required in the Agreed Framework; and

(c) the United States is taking steps to assure that progress is made on (1) the North South dialogue, including efforts to reduce barriers to trade and investment, such as removing restrictions on travel, telecommunications services and financial transactions; and (2) implementation of the January 1, 1992, Joint Declaration on the Denuclearization of the Korean Peninsula.

The justification for these determinations is set forth below.

(a) - Designation of ROK Company

In section I of the Agreed Framework between the United States of America and the Democratic People's Republic of Korea (DPRK), signed in Geneva on October 21, 1994, the two parties stated that they would cooperate in replacing the DPRK's graphite-moderated reactors and related facilities with light-water reactor (LWR) power plants. The U.S. further stated that it would undertake to make arrangements for the provision of the LWR project to the DPRK, including organizing under its leadership an international consortium to finance and supply the project. This organization, the Korean Peninsula Energy Development Organization (KEDO), was created on March 9, 1995, by agreement of the U.S., Japan, and the ROK. These parties have agreed that the ROK will assume the central role in financing and building the LWR project.

On June 13, 1995, in Kuala Lumpur, the United States and the DPRK issued a joint statement providing that KEDO will select both the LWR reactor model and the prime contractor to carry out the project. (These points were confirmed in the LWR

supply agreement between KEDO and the DPRK, signed December 15, 1995 in New York City.) On the same date as the Kuala Lumpur statement (June 13, 1995), the KEDO Executive Board decided by Board resolution that an ROK reactor model (Ulchin 3/4) would be built in the DPRK by an ROK firm. The Executive Board resolution designated the Korean Electric Power Corporation (KEPCO) as the firm with which KEDO would begin negotiating a prime contract for the light-water reactor project. These negotiations are under way.

(b) - DPRK Maintenance of the Freeze

Section I(3) of the U.S.-DPRK Agreed Framework provides for the immediate freeze and eventual dismantlement of all graphite-moderated reactors and related facilities in the DPRK. Within this context, the DPRK agreed to implement the freeze on its nuclear facilities within one month after the signing of the Agreed Framework and to allow the International Atomic Energy Agency (IAEA) to monitor the freeze on its facilities, with the full cooperation of the DPRK. In addition, the U.S and DPRK agreed to cooperate in finding a method to store safely the spent fuel from the DPRK's 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.

Since November 1994, all of North Korea's graphite-moderated nuclear facilities have been frozen. Specifically, this means no refueling or operation of the 5MW research reactor; no construction on the 50 and 200 MW reactors; no reprocessing and sealing of the reprocessing facility; no operation of the fuel fabrication plant; and no construction of new graphite-moderated reactors or related facilities. The IAEA has maintained a continuous presence at the Nyongbyon nuclear facility and has continued with inspection activities related to verifying and monitoring the freeze in the DPRK according to the terms of the Agreed Framework. In addition to IAEA monitoring activities, the United States continues to monitor the freeze through National Technical Means.

With the successful conclusion of the December 15, 1995 agreement on the supply of light-water reactors (LWRs) to the DPRK, signed between the DPRK and KEDO in New York City, the IAEA will resume ad hoc and routine inspections under the DPRK's safeguards agreement with the IAEA with respect to the facilities not subject to the freeze. The IAEA and DPRK meet periodically to discuss any outstanding safeguards issues that arise, most recently on January 22, 1996. During this meeting, both sides agreed to measures for safely storing the DPRK's spent nuclear fuel from its 5 MW(e) research reactor. When the

first LWR unit is completed, the IAEA will have oversight over the dismantlement of the DPRK's nuclear facilities which will be completed when the second LWR unit is completed.

In January 1995, the U.S. and DPRK agreed on the method for safely storing the DPRK's spent nuclear fuel as an interim step before it is shipped out of the DPRK, as defined in the Agreed Framework. U.S. technical experts have been in the DPRK since July 1995 preparing the fuel for canning in a cooperative joint effort with the DPRK. Actual canning is expected to commence soon and will last approximately three months.

(c) - North-South Dialogue and the Joint Declaration

The U.S.-DPRK Agreed Framework provides that "the DPRK will engage in North-South dialogue." Since then, the U.S. has taken steps to support South Korean initiatives toward the North and to encourage the DPRK to fulfill its commitment to engage in dialogue as soon as possible. In all of our bilateral contacts with the DPRK, the U.S. has made clear that improvement in North-South relations is the key to peace and security on the Korean peninsula, and a requirement if U.S.-DPRK bilateral relations are to continue to move forward. Ambassador Robert L. Gallucci, during his tenure as Chairman of the Senior Steering Committee on Korea, had frequent occasion to raise the issue of North-South relations in his correspondence with his North Korean counterpart, First Vice Minister of Foreign Affairs Kang Sok Ju. Deputy Assistant Secretary of State Thomas Hubbard raised the North-South issue repeatedly during the May-June 1995 negotiations with the North Koreans in Kuala Lumpur on the LWR supply agreement. Most recently, Mr. Hubbard raised this issue when he met with North Korean Ambassador-at-Large Ho Jung in December 1995. Finally, working level officials have repeatedly stressed to their North Korean counterparts the importance of the DPRK improving relations with the South. Over the last year, these points have been made at all three rounds of U.S.-DPRK negotiations on the opening of liaison offices, and repeatedly in contacts with officials of the DPRK Mission to the UN.

In support of ROK initiatives, we have conveyed South Korean positions -- and U.S. support for those positions -- to the DPRK and others. At South Korea's request we have raised several particular issues with the DPRK, sometimes with positive effect. The South Korean government has expressed its appreciation for these U.S. efforts. During this period North and South Korea held a series of bilateral meetings in Beijing that produced an agreement whereby the South provided 150,000 tons of rice to the North as a grant. In December 1995, the DPRK released the crew of a South Korean fishing vessel which strayed into North Korean waters earlier in the year, a step which the ROK had been urging the DPRK to take.

On January 1, 1992, the Republic of Korea and the Democratic People's Republic of Korea issued the Joint Declaration of the Denuclearization of the Korean Peninsula. The provisions of the Joint Declaration state that the North and South:

- shall not test, manufacture, produce, receive, possess, store, deploy or use nuclear weapons;
- shall use nuclear energy solely for peaceful purposes;
- shall not possess nuclear reprocessing and uranium enrichment facilities, and;
- in order to verify the denuclearization of the Korean Peninsula, shall conduct inspections of the objects selected by the other side and agreed upon between the two sides, in accordance with procedures and methods to be determined by the South-North Nuclear Control Commission which shall be established within one month of the effectuation of this joint declaration.

The DPRK and the ROK held a series of South-North Joint Nuclear Control Commission meetings in early 1992 as specified in the Joint Declaration, but these were discontinued as relations between the two Korean states worsened and the DPRK threatened to withdraw from the Nuclear Non-Proliferation Treaty (NPT) and refused to cooperate with the IAEA. As a result, the absence of sustained governmental talks between the ROK and DPRK has delayed further implementation of the Denuclearization Declaration.

The United States has, however, taken steps to encourage DPRK compliance with the Joint Declaration by encouraging North-South dialogue and ensuring DPRK implementation of the Agreed Framework. The Agreed Framework, as a step towards full implementation of the Denuclearization Declaration, has succeeded in illiciting positive DPRK movement on key provisions of the Declaration. Specifically, North Korea's willingness to freeze immediately and eventually dismantle its graphite-moderated nuclear reactors and related facilities has halted activities which would, had they not been stopped, given the DPRK a nuclear weapons capability. Such a capability would have been a threat to peace and security on the Korean Peninsula as well as to Northeast Asia. The DPRK agreement to forego reprocessing under the Agreed Framework and to replace its existing nuclear reactors with proliferation-resistant LWRs represents a major step toward assuring the DPRK will not test, manufacture, produce, store, deploy or possess nuclear weapons. In addition, by agreeing to allow a continuous IAEA inspector presence on the ground and to come into full compliance with its IAEA safeguards obligations, including

taking all steps that may be deemed necessary by the IAEA with regard to verifying the accuracy and completeness of the DPRK's initial report on all nuclear material in the DPRK, the DPRK has not only gone beyond its NPT and IAEA safeguards obligations but also is taking steps related to the inspection objectives set forth in the Denuclearization Declaration.

MEMORANDUM OF JUSTIFICATION
UNDER SECTION 614 OF THE FOREIGN ASSISTANCE ACT
TO PROVIDE U.S. CONTRIBUTIONS TO THE KOREAN PENINSULA
ENERGY DEVELOPMENT ORGANIZATION (KEDO)

The Administration proposes that up to \$22.0 million in FY 1996 International Organizations and Programs (IO&P) funds be used for a U.S. contribution to the Korean Peninsula Energy Development Organization (KEDO), an international consortium established to implement the Agreed Framework signed between the United States and the Democratic People's Republic of Korea (DPRK) on October 21, 1994. This funding level for U.S. contributions to KEDO was specified in the Administration's congressional presentation documents for the Foreign Operations Appropriations Act, 1996 (P.L. 104-107). KEDO would be permitted to use the U.S. contribution to help cover the FY 1996 administrative and heavy fuel oil shipment expenses.

In order to make available the funds appropriated for this contribution, the President intends to exercise his authority under section 614(a)(1) of the Foreign Assistance Act of 1961, as amended, to authorize the voluntary contribution to KEDO without regard to applicable statutory restrictions within the scope of this section, including any restrictions in sections 307, 620A, 620(f), or 530 of the Foreign Assistance Act or sections 507, 516, 523, or 527A of the Foreign Operations Appropriations Act.

The Agreed Framework addresses U.S. and international concerns about the DPRK's nuclear weapons program and, if fully implemented, will lead ultimately to the complete dismantlement of North Korea's current nuclear program. Under the U.S.-DPRK Agreed Framework, the U.S. represented that it would "organize under its leadership an international consortium to finance and supply the light-water reactor (LWR) project to be provided to the DPRK." In order to meet this pledge, the U.S., South Korea (ROK) and Japan agreed on the creation of an international organization, KEDO, to implement the reactor project, the annual delivery of 500,000 metric tons of heavy fuel oil delivery to North Korea and other possible projects called for in the Agreed Framework (e.g., the transfer of spent fuel out of the DPRK for ultimate disposition). The U.S., ROK and Japan have played and will continue to play leading roles in KEDO.

KEDO's purpose is to coordinate cooperation among interested parties in the international community and to facilitate the financing and execution of projects needed to implement the Agreed Framework. KEDO members have agreed to cooperate in taking the steps necessary to implement the Agreed Framework consistent with the Charter of the United Nations, the Treaty on the Nonproliferation of Nuclear Weapons, the North-South Declaration on the Denuclearization of the Korean Peninsula, and the Statute of the International Atomic Energy Agency. Moreover, KEDO will obtain assurances that nuclear materials, equipment, or technology transferred to the DPRK in connection with projects undertaken by KEDO will be used exclusively for such projects, only for peaceful purposes, and in a manner that ensures the safe use of nuclear energy. The continued funding of KEDO is critical to the success of the specific objectives of the Agreed Framework, the general goals of international nuclear nonproliferation, and the aim of maintaining peace and security on the Korean Peninsula.

KEDO is located in New York and is directed by an Executive Board consisting of representatives of the original member countries-- the U.S., Japan, and the ROK. Other members may participate in its activities by serving on advisory committees covering the organization's projects, attending the KEDO General Conference, participating in ad hoc technical meetings relating to KEDO projects and, in some cases, sending technical experts to serve in the KEDO secretariat. The day-to-day operations of KEDO are directed by Executive Director Stephen Bosworth, former U.S. Ambassador to the Philippines, assisted by two Deputy Executive Directors (one from Japan and one from the ROK). KEDO is seeking to contract with private firms for the bulk of the legal, technical, and financial expertise required to oversee the LWR project and other projects. It will have a secretariat consisting of approximately 30 people to carry out its functions.

The U.S. contribution to KEDO will help fund: 1) KEDO's FY 1996 costs for office space, office supplies, communications, consulting costs and legal services, and employee remuneration for a staff of thirty people, including the Executive Director, the two Deputy Directors, and support personnel; and 2) a portion of the estimated \$50 million worth of heavy fuel oil due to be shipped in 1996. These funds are essential to KEDO's ability to meet the terms of the U.S.-DPRK Agreed Framework regarding the provision of heavy fuel oil. Should KEDO fail to meet these deliveries, the DPRK might renege on its Agreed Framework obligations, including possibly breaking the freeze on its nuclear program. Hence, early transfer of these funds is essential to meeting our nonproliferation objectives in the DPRK.



1690
United States Department of State

Washington, D.C. 20520 9603673

March 12, 1996

UNCLASSIFIED

MEMORANDUM FOR ANDREW D. SENS
EXECUTIVE SECRETARY
NATIONAL SECURITY COUNCIL

SUBJECT: Presidential Action Required to Make the U.S.
Contribution to the Korean Peninsula Energy
Development Organization (KEDO)

This memorandum requests that the President authorize the Department of State to consult with, and provide the attached written policy justification to, relevant committees of the Congress concerning the proposed waiver of legal restrictions on providing assistance to the Democratic People's Republic of Korea (DPRK) in order to provide the U.S. contribution to the Korean Peninsula Energy Development Organization (KEDO). In addition, it recommends that the President sign the attached Presidential Determination containing determinations and certifications required by Title IV of the Foreign Operations Appropriations Act under the heading "International Organizations and Programs." Specifically, he must determine that: (a) KEDO has designated an ROK company for the purpose of negotiating the prime contract for the light-water reactor project; (b) the DPRK is maintaining the freeze on its nuclear facilities; and (c) the United States is taking steps to ensure progress on North-South dialogue and on implementation of the Joint Denuclearization Declaration.

In its Congressional presentation documents for the Foreign Operations Appropriations Act, 1996 (P.L. 104-107), the Administration stated its intention to contribute up to \$22 million to KEDO from the International Organizations and Programs (IO&P) account. The Foreign Operations Appropriations Act (FOAA) did not limit the amount of the contribution, though the Congress prohibited a U.S. contribution to KEDO's Light Water Reactor Project.

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The President must exercise his authority under section 614(a)(1) of the Foreign Assistance Act to find that it is "important to the security interests of the United States" to make the contribution without regard to provisions of law within the scope of that section. (Potential legal restrictions on direct or indirect assistance to the DPRK include sections 307, 620A, 620(f), and 530 of the Foreign Assistance Act and sections 507, 516, 523, and 527A of the FOAA.)

Now that the FOAA has been enacted, State requests authority to initiate the section 614 process through consultations with the appropriate congressional committees (the House and Senate Appropriations Committees, the Senate Foreign Relations Committee, and the House International Relations Committee). Following consultations, the President may make a determination, and notify in writing the Speaker of the House and the Chairman of the Senate Foreign Relations Committee, that the furnishing of assistance under this authority "is important to the security interests of the United States."

In addition, Title IV of the FOAA specifies that the appropriated funds cannot be made available to KEDO unless the President determines and certifies in writing to the Appropriations Committees that: (a) KEDO has designated an ROK company for the purpose of negotiating the prime contract for the light-water reactor project; (b) the DPRK is maintaining the freeze on its nuclear facilities; and (c) the United States is taking steps to ensure progress on North-South dialogue and on implementation of the Joint Declaration on the Denuclearization of the Korean Peninsula. We recommend that the President sign the Presidential Determination containing these determinations and certifications (attachment 3) at the same time that he authorizes the section 614 consultations. Having the statutory certifications in hand will significantly assist the Congressional consultation process and deprive Congress of a ground for delay.

The U.S. contribution would be provided to help KEDO meet its FY 1996 administrative and heavy fuel oil (HFO) shipment expenses. (Pursuant to a prohibition inserted in the FOAA, our contribution will not be used for the LWR project.) KEDO will face a financial crisis unless we can provide rapidly the \$20 million U.S. contribution. While there have been some

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encouraging signs of international support for KEDO, there is still a shortfall. As of mid-March, KEDO has received contributions and pledges of \$11 million from non-U.S. sources for heavy fuel oil in 1996. In addition, Japan in February provided \$19 million in collateral to be used to secure suppliers credits or loans to deal with KEDO's immediate cash flow problem. Nevertheless, with a U.S. contribution of \$20 million and other pledges of \$11 million, KEDO will still need to raise \$19 million in additional funds to pay for the rest of this year's shipments, which will last until October 1996. We are continuing our efforts to secure the necessary support internationally, but it will likely take high-level involvement to ensure enough funding for KEDO to fulfill its commitments this year.

We have conducted informal consultations on the Hill with staff members to indicate that Secretary Christopher may make this recommendation to the President. Our discussions have elicited no expressions of direct opposition to moving forward with a 614 package with respect to funding up to \$13 million for administrative and heavy fuel oil costs. However, Majority staff have made clear much remains to be done to satisfy them and their members that the Agreed Framework is working well and the DPRK is in full compliance with the Agreement. Congressional concern is likely to focus on our ability to satisfy fully the determinations and certifications the President must make as mandated in the legislation. In addition, some have asserted that funding above \$13 million is subject to congressional reprogramming procedures. We believe there is no legal basis for this assertion. Since the section 614 process is time-consuming, it is essential that we initiate consultations as soon as possible so that we will be able to make the U.S. contribution promptly.

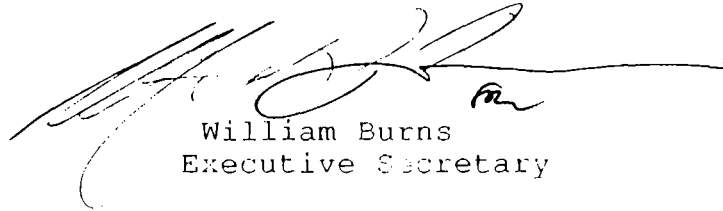
Accordingly, we recommend that the President authorize the State Department to initiate consultations with, and provide a written justification to, the appropriate committees of Congress in preparation for the President exercising his authority under section 614 to permit the U.S. contribution to KEDO. We further recommend that the President sign the Presidential Determination at attachment 3, as required under

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-4-

the FOAA, and authorize the State Department to transmit to the appropriate committees the Presidential Determination and a memorandum of justification therefor.



William Burns
Executive Secretary

Attachments:

- (1) Draft Presidential Determination under Section 614
- (2) Letters of Notification re Section 614 and transmittal of Presidential determination under FOAA
- (3) Memorandum of Justification re Section 614
- (4) Draft Presidential Determination under FOAA
- (5) Memorandum of Justification re Presidential Determination

UNCLASSIFIED

TO: SENS

FROM: BURNS, W.

DOC DATE: 12 MAR 96
SOURCE REF:

KEYWORDS: KOREA NORTH
CONGRESSIONAL

FOREIGN ASSISTANCE
NUCLEAR ENERGY

B
WHD

PERSONS:

SUBJECT: PRES ACTION REQUIRED TO MAK US CONTRIBUTION TO KOREAN PENINSULA
ENERGY DEVELOPMENT / KEDO

ACTION: PREPARE MEMO FOR LAKE

DUE DATE: 16 MAR 96 STATUS: S

STAFF OFFICER: SAMORE

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION
SAMORE

FOR CONCURRENCE
ANDREASEN
DANVERS
FAIRFAX
KRECZKO
KRISTOFF
PONEMAN
SIMON

FOR INFO
BELL
CLARKE
SESTAK

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSJDA

CLOSED BY:

DOC 1 OF 1



March 12, 1996

UNCLASSIFIED

MEMORANDUM FOR ANDREW D. SENS
EXECUTIVE SECRETARY
NATIONAL SECURITY COUNCIL

SUBJECT: Presidential Action Required to Make the U.S.
Contribution to the Korean Peninsula Energy
Development Organization (KEDO)

This memorandum requests that the President authorize the Department of State to consult with, and provide the attached written policy justification to, relevant committees of the Congress concerning the proposed waiver of legal restrictions on providing assistance to the Democratic People's Republic of Korea (DPRK) in order to provide the U.S. contribution to the Korean Peninsula Energy Development Organization (KEDO). In addition, it recommends that the President sign the attached Presidential Determination containing determinations and certifications required by Title IV of the Foreign Operations Appropriations Act under the heading "International Organizations and Programs." Specifically, he must determine that: (a) KEDO has designated an ROK company for the purpose of negotiating the prime contract for the light-water reactor project; (b) the DPRK is maintaining the freeze on its nuclear facilities; and (c) the United States is taking steps to ensure progress on North-South dialogue and on implementation of the Joint Denuclearization Declaration.

In its Congressional presentation documents for the Foreign Operations Appropriations Act, 1996 (P.L. 104-107), the Administration stated its intention to contribute up to \$22 million to KEDO from the International Organizations and Programs (IO&P) account. The Foreign Operations Appropriations Act (FOAA) did not limit the amount of the contribution, though the Congress prohibited a U.S. contribution to KEDO's Light Water Reactor Project.

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The President must exercise his authority under section 614(a)(1) of the Foreign Assistance Act to find that it is "important to the security interests of the United States" to make the contribution without regard to provisions of law within the scope of that section. (Potential legal restrictions on direct or indirect assistance to the DPRK include sections 307, 620A, 620(f), and 530 of the Foreign Assistance Act and sections 507, 516, 523, and 527A of the FOAA.)

Now that the FOAA has been enacted, State requests authority to initiate the section 614 process through consultations with the appropriate congressional committees (the House and Senate Appropriations Committees, the Senate Foreign Relations Committee, and the House International Relations Committee). Following consultations, the President may make a determination, and notify in writing the Speaker of the House and the Chairman of the Senate Foreign Relations Committee, that the furnishing of assistance under this authority "is important to the security interests of the United States."

In addition, Title IV of the FOAA specifies that the appropriated funds cannot be made available to KEDO unless the President determines and certifies in writing to the Appropriations Committees that: (a) KEDO has designated an ROK company for the purpose of negotiating the prime contract for the light-water reactor project; (b) the DPRK is maintaining the freeze on its nuclear facilities; and (c) the United States is taking steps to ensure progress on North-South dialogue and on implementation of the Joint Declaration on the Denuclearization of the Korean Peninsula. We recommend that the President sign the Presidential Determination containing these determinations and certifications (attachment 3) at the same time that he authorizes the section 614 consultations. Having the statutory certifications in hand will significantly assist the Congressional consultation process and deprive Congress of a ground for delay.

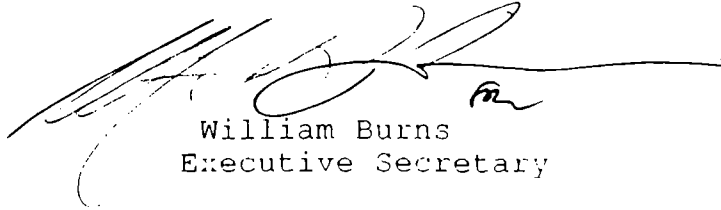
The U.S. contribution would be provided to help KEDO meet its FY 1996 administrative and heavy fuel oil (HFO) shipment expenses. (Pursuant to a prohibition inserted in the FOAA, our contribution will not be used for the LWR project.) KEDO will face a financial crisis unless we can provide rapidly the \$20 million U.S. contribution. While there have been some

encouraging signs of international support for KEDO, there is still a shortfall. As of mid-March, KEDO has received contributions and pledges of \$11 million from non-U.S. sources for heavy fuel oil in 1996. In addition, Japan in February provided \$19 million in collateral to be used to secure suppliers credits or loans to deal with KEDO's immediate cash flow problem. Nevertheless, with a U.S. contribution of \$20 million and other pledges of \$11 million, KEDO will still need to raise \$19 million in additional funds to pay for the rest of this year's shipments, which will last until October 1996. We are continuing our efforts to secure the necessary support internationally, but it will likely take high-level involvement to ensure enough funding for KEDO to fulfill its commitments this year.

We have conducted informal consultations on the Hill with staff members to indicate that Secretary Christopher may make this recommendation to the President. Our discussions have elicited no expressions of direct opposition to moving forward with a 614 package with respect to funding up to \$13 million for administrative and heavy fuel oil costs. However, Majority staff have made clear much remains to be done to satisfy them and their members that the Agreed Framework is working well and the DPRK is in full compliance with the Agreement. Congressional concern is likely to focus on our ability to satisfy fully the determinations and certifications the President must make as mandated in the legislation. In addition, some have asserted that funding above \$13 million is subject to congressional reprogramming procedures. We believe there is no legal basis for this assertion. Since the section 614 process is time-consuming, it is essential that we initiate consultations as soon as possible so that we will be able to make the U.S. contribution promptly.

Accordingly, we recommend that the President authorize the State Department to initiate consultations with, and provide a written justification to, the appropriate committees of Congress in preparation for the President exercising his authority under section 614 to permit the U.S. contribution to KEDO. We further recommend that the President sign the Presidential Determination at attachment 3, as required under

the FOAA, and authorize the State Department to transmit to the appropriate committees the Presidential Determination and a memorandum of justification therefor.



William Burns
Executive Secretary

Attachments:

- (1) Draft Presidential Determination under Section 614
- (2) Letters of Notification re Section 614 and transmittal of Presidential determination under FOAA
- (3) Memorandum of Justification re Section 614
- (4) Draft Presidential Determination under FOAA
- (5) Memorandum of Justification re Presidential Determination

**DRAFT: WILL BE RESUBMITTED FOR SIGNATURE
AFTER STATUTORY CONSULTATIONS WITH CONGRESS**

The White House
Washington, D.C.
Presidential Determination
No. _____

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Use of International Organizations and Programs
Account Funds for the U.S. Contribution to KEDO

Pursuant to the authority vested in me by section 614(a)(1) of the Foreign Assistance Act of 1961, as amended, 22 U.S.C. 2364(a)(1) ("the Act"), I hereby determine that it is important to the security interests of the United States to furnish up to \$22 million in funds made available under the heading "International Operations and Programs" in Title IV of the Foreign Operations Appropriations Act, 1996 (P.L. 104-107) for the United States contribution to the Korean Peninsula Energy Development Organization without regard to any provision of law within the scope of section 614(a)(1). I hereby authorize this contribution.

You are hereby authorized and directed to transmit this determination to the Congress and to arrange for its publication in the Federal Register.

Draft

To be sent to Chairs of Appropriations Committees following receipt of Presidential determination:

Dear Mr. Chairman:

On March -, 1996, the President signed Presidential Determination No. regarding the U.S. contribution to the Korean Peninsula Energy Development Organization (KEDO). The President has determined and certified pursuant to the requirements under the heading "International Organizations and Programs" in Title IV of the Foreign Operations Appropriations Act for FY 1996 that:

(a) in accordance with Section 1 of the Agreed Framework, KEDO has designated a Republic of Korea company, corporation or entity for the purpose of negotiating a prime contract to carry out construction of the light water reactors provided for in the Agreed Framework; and

(b) the DPRK is maintaining the freeze on its nuclear facilities as required in the Agreed Framework;

(c) the United States is taking steps to assure that progress is made on (1) the North South dialogue, including efforts to reduce barriers to trade and investment, such as removing restrictions on travel, telecommunications services and financial transactions; and (2) implementation of the January 1, 1992 Joint Declaration on the Denuclearization of the Korean Peninsula.

A copy of this Determination and the Justification for it are enclosed. The President will submit the report required under the heading "International Organizations and Programs" in Title IV of the Foreign Operations Appropriations Act, 1996 (P.L. 104-107), in accordance with the schedule specified in that Act.

In addition, we wish to inform you that the President proposes to exercise his authority under section 614(a)(1) of the Foreign Assistance Act, as amended (the "Act"), to authorize the furnishing of up to \$22.0 million in FY 1996 International Organizations and Programs (IO&P) funds for a U.S. contribution to the Korean Peninsula Energy Development

The Honorable

_____, Chairman,
Committee on _____

Organization (KEDO), without regard to provisions of law within the scope of that section. This funding level is the same as specified in the Administration's congressional presentation documents for the Foreign Operations Appropriations Act, 1996 (P.L. 104-107).

The U.S. contribution will be used to help cover the FY 1996 costs of KEDO, an international consortium established to implement the Agreed Framework between the United States and the Democratic People's Republic of Korea (DPRK), signed October 21, 1994. Under the Agreed Framework, the U.S. agreed to organize under its leadership an international consortium to finance and supply two light-water reactors (LWR) to the DPRK. The U.S. also agreed to make arrangements for the provision to the DPRK of annual shipments of heavy fuel oil. In return, North Korea agreed to "freeze" and eventually dismantle its potentially dangerous graphite nuclear reactor program. It also agreed to allow implementation of full-scope safeguards by the International Atomic Energy Agency (IAEA) on its nuclear facilities in accordance with the timetable specified in the Agreed Framework.

In an important milestone, on December 15, 1995, the Democratic People's Republic of Korea and KEDO signed an agreement for the provision of the two light-water reactors specified under the Agreed Framework. Even before that signing, KEDO had begun conducting activities in North Korea to survey the potential site for those reactors. Those activities will probably be concluded in the Spring of 1996 at which time the site may be turned over to KEDO to begin preparations for construction. In the meantime, North Korea continues to maintain the freeze on its nuclear facilities and that freeze is being monitored by international inspectors from the IAEA.

The United States, Japan and South Korea have played and will continue to play a leading role in KEDO through the organization's Executive Board, its main decision-making body. The Republic of Korea will play the central role in financing and constructing KEDO's reactor project -- estimated to cost approximately \$4 billion -- and has already contributed an additional \$1.8 million for initial KEDO administrative costs. Japan will play a significant role in financing that project and has already contributed \$3 million for the initial reactor site survey, in addition to its \$2.8 million for initial KEDO administrative costs. We expect further financial contributions from both countries to KEDO's administrative costs and its projects in 1996.

Progress has been made in securing additional members and contributions for KEDO and its activities, although much work remains to be done. Over the past year, the three Executive Board members have approached more than thirty-five

countries from Europe, Asia, Latin America and the Middle East to ask their support for the organization. In 1995, we were able to recruit four new members for KEDO -- Australia, New Zealand, Canada and Finland -- as well as to raise funds from a total of ten countries. So far, in 1996, France, Argentina and Indonesia have indicated that they will join KEDO. France, Argentina, Norway, and Germany have pledged additional funding for the organization. We look forward to additional pledges to join KEDO and contribute to the organization over the coming year.

As described in more detail in the enclosed Memorandum of Justification under section 614 of the Act, we believe that the use of these funds in the manner described is essential to carrying out the terms and conditions of the Agreed Framework and in achieving our high-priority nuclear nonproliferation objectives.

Please do not hesitate to contact us if you believe we may be of further assistance.

Sincerely,

Wendy R. Sherman
Assistant Secretary
Legislative Affairs

Enclosures:

- (1) Presidential Determination under Section 575 of FOAA
- (2) Memorandum of Justification Concerning Presidential Determination
- (3) Memorandum of Justification under Section 614 of FAA

Draft

To be sent to Chairs of Foreign Relations Committees following receipt of Presidential determination:

Dear Mr. Chairman:

On March -, 1996, the President signed Presidential Determination No. regarding the U.S. contribution to the Korean Peninsula Energy Development Organization (KEDO). The President has determined and certified pursuant to the requirements under the heading "International Organizations and Programs" in Title IV of the Foreign Operations Appropriations Act for FY 1996 that:

(a) in accordance with Section 1 of the Agreed Framework, KEDO has designated a Republic of Korea company, corporation or entity for the purpose of negotiating a prime contract to carry out construction of the light water reactors provided for in the Agreed Framework; and

(b) the DPRK is maintaining the freeze on its nuclear facilities as required in the Agreed Framework;

(c) the United States is taking steps to assure that progress is made on (1) the North South dialogue, including efforts to reduce barriers to trade and investment, such as removing restrictions on travel, telecommunications services and financial transactions; and (2) implementation of the January 1, 1992 Joint Declaration on the Denuclearization of the Korean Peninsula.

This Determination and the Justification for it have been submitted to the Appropriations Committees as required under the headings "International Organizations and Programs" in Title IV. Copies are enclosed for your information. The President will submit the report required under section 575(d) of the Foreign Operations Appropriations Act, 1996 (P.L. 104-107), in accordance with the schedule specified in that Act.

In addition, we wish to inform you that the President proposes to exercise his authority under section 614(a)(1) of the Foreign Assistance Act, as amended (the "Act"), to authorize the furnishing of up to \$22.0 million in FY 1996 International Organizations and Programs (IO&P) funds for a U.S. contribution to the Korean Peninsula Energy Development

The Honorable

_____, Chairman,
Committee on _____

Organization (KEDO), without regard to provisions of law within the scope of that section. This funding level is the same as specified in the Administration's congressional presentation documents for the Foreign Operations Appropriations Act, 1996 (P.L. 104-107).

The U.S. contribution will be used to help cover the FY 1996 costs of KEDO, an international consortium established to implement the Agreed Framework between the United States and the Democratic People's Republic of Korea (DPRK), signed October 21, 1994. Under the Agreed Framework, the U.S. agreed to organize under its leadership an international consortium to finance and supply two light-water reactors (LWR) to the DPRK. The U.S. also agreed to make arrangements for the provision to the DPRK of annual shipments of heavy fuel oil. In return, North Korea agreed to "freeze" and eventually dismantle its potentially dangerous graphite nuclear reactor program. It also agreed to allow implementation of full-scope safeguards by the International Atomic Energy Agency (IAEA) on its nuclear facilities in accordance with the timetable specified in the Agreed Framework.

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The United States, Japan and South Korea have played and will continue to play a leading role in KEDO through the organization's Executive Board, its main decision-making body. The Republic of Korea will play the central role in financing and constructing KEDO's reactor project -- estimated to cost approximately \$4 billion -- and has already contributed an additional \$1.8 million for initial KEDO administrative costs. Japan will play a significant role in financing that project and has already contributed \$3 million for the initial reactor site survey, in addition to its \$2.8 million for initial KEDO administrative costs. We expect further financial contributions from both countries to KEDO's administrative costs and its projects in 1996.

Significant progress has been made in securing additional members and contributions for KEDO and its activities. Over the past year, the three Executive Board members have

approached more than thirty-five countries from Europe, Asia, Latin America and the Middle East to ask their support for the organization. The results have been positive. In 1995, we were able to recruit four new members for KEDO -- Australia, New Zealand, Canada and Finland -- as well as to raise funds from a total of ten countries. So far, in 1996, France, Argentina and Indonesia have indicated that they will join KEDO. France, Argentina, Norway, and Germany have pledged additional funding for the organization. We look forward to additional pledges to join KEDO and contribute to the organization over the coming year.

As described in more detail in the enclosed Memorandum of Justification under section 614 of the Act, we believe that the use of these funds in the manner described is essential to carrying out the terms and conditions of the Agreed Framework and in achieving our high-priority nuclear nonproliferation objectives.

Please do not hesitate to contact us if you believe we may be of further assistance.

Sincerely,

Wendy R. Sherman
Assistant Secretary
Legislative Affairs

Enclosures:

- (1) Presidential Determination under Section 575 of FOAA
- (2) Memorandum of Justification Concerning Presidential Determination
- (3) Memorandum of Justification under Section 614 of FAA

MEMORANDUM OF JUSTIFICATION
UNDER SECTION 614 OF THE FOREIGN ASSISTANCE ACT
TO PROVIDE U.S. CONTRIBUTIONS TO THE KOREAN PENINSULA
ENERGY DEVELOPMENT ORGANIZATION (KEDO)

The Administration proposes that up to \$22.0 million in FY 1996 International Organizations and Programs (IO&P) funds be used for a U.S. contribution to the Korean Peninsula Energy Development Organization (KEDO), an international consortium established to implement the Agreed Framework signed between the United States and the Democratic People's Republic of Korea (DPRK) on October 21, 1994. This funding level for U.S. contributions to KEDO was specified in the Administration's congressional presentation documents for the Foreign Operations Appropriations Act, 1996 (P.L. 104-107). KEDO would be permitted to use the U.S. contribution to help cover the FY 1996 administrative and heavy fuel oil shipment expenses.

In order to make available the funds appropriated for this contribution, the President intends to exercise his authority under section 614(a)(1) of the Foreign Assistance Act of 1961, as amended, to authorize the voluntary contribution to KEDO without regard to applicable statutory restrictions within the scope of this section, including any restrictions in sections 307, 620A, 620(f), or 530 of the Foreign Assistance Act or sections 507, 516, 523, or 527A of the Foreign Operations Appropriations Act.

The Agreed Framework addresses U.S. and international concerns about the DPRK's nuclear weapons program and, if fully implemented, will lead ultimately to the complete dismantlement of North Korea's current nuclear program. Under the U.S.-DPRK Agreed Framework, the U.S. represented that it would "organize under its leadership an international consortium to finance and supply the light-water reactor (LWR) project to be provided to the DPRK." In order to meet this pledge, the U.S., South Korea (ROK) and Japan agreed on the creation of an international organization, KEDO, to implement the reactor project, the annual delivery of 500,000 metric tons of heavy fuel oil delivery to North Korea and other possible projects called for in the Agreed Framework (e.g., the transfer of spent fuel out of the DPRK for ultimate disposition). The U.S., ROK and Japan have played and will continue to play leading roles in KEDO.

KEDO's purpose is to coordinate cooperation among interested parties in the international community and to facilitate the financing and execution of projects needed to implement the Agreed Framework. KEDO members have agreed to cooperate in taking the steps necessary to implement the Agreed Framework consistent with the Charter of the United Nations, the Treaty on the Nonproliferation of Nuclear Weapons, the North-South Declaration on the Denuclearization of the Korean Peninsula, and the Statute of the International Atomic Energy Agency. Moreover, KEDO will obtain assurances that nuclear materials, equipment, or technology transferred to the DPRK in connection with projects undertaken by KEDO will be used exclusively for such projects, only for peaceful purposes, and in a manner that ensures the safe use of nuclear energy. The continued funding of KEDO is critical to the success of the specific objectives of the Agreed Framework, the general goals of international nuclear nonproliferation, and the aim of maintaining peace and security on the Korean Peninsula.

KEDO is located in New York and is directed by an Executive Board consisting of representatives of the original member countries-- the U.S., Japan, and the ROK. Other members may participate in its activities by serving on advisory committees covering the organization's projects, attending the KEDO General Conference, participating in ad hoc technical meetings relating to KEDO projects and, in some cases, sending technical experts to serve in the KEDO secretariat. The day-to-day operations of KEDO are directed by Executive Director Stephen Bosworth, former U.S. Ambassador to the Philippines, assisted by two Deputy Executive Directors (one from Japan and one from the ROK). KEDO is seeking to contract with private firms for the bulk of the legal, technical, and financial expertise required to oversee the LWR project and other projects. It will have a secretariat consisting of approximately 30 people to carry out its functions.

The U.S. contribution to KEDO will help fund: 1) KEDO's FY 1996 costs for office space, office supplies, communications, consulting costs and legal services, and employee remuneration for a staff of thirty people, including the Executive Director, the two Deputy Directors, and support personnel; and 2) a portion of the estimated \$50 million worth of heavy fuel oil due to be shipped in 1996. These funds are essential to KEDO's ability to meet the terms of the U.S.-DPRK Agreed Framework regarding the provision of heavy fuel oil. Should KEDO fail to meet these deliveries, the DPRK might renege on its Agreed Framework obligations, including possibly breaking the freeze on its nuclear program. Hence, early transfer of these funds is essential to meeting our nonproliferation objectives in the DPRK.

The White House
Washington, D.C.
Presidential Determination
No. _____

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Determination Under the Heading "International Organizations and Programs" in Title IV of the Foreign Operations Appropriations Act for FY 1996: U.S. Contribution to KEDO

Pursuant to the requirements set forth under the heading "International Organizations and Programs" in Title IV of the Foreign Operations Appropriations Act, 1996 (P.L. 104-107), I determine and certify that:

(a) in accordance with Section 1 of the Agreed Framework, KEDO has designated a Republic of Korea company, corporation or entity for the purpose of negotiating a prime contract to carry out construction of the light water reactors provided for in the Agreed Framework; and

(b) the Democratic People's Republic of Korea (DPRK) is maintaining the freeze on its nuclear facilities as required in the Agreed Framework; and

(c) the United States is taking steps to assure that progress is made on (1) the North South dialogue, including efforts to reduce barriers to trade and investment, such as removing restrictions on travel, telecommunications services and financial transactions; and (2) implementation of the January 1, 1992, Joint Declaration on the Denuclearization of the Korean Peninsula.

You are authorized and directed to report these determinations and certifications to the Congress and to publish them in the Federal Register.

MEMORANDUM OF JUSTIFICATION
FOR DETERMINATIONS AND CERTIFICATIONS
UNDER THE HEADING "INTERNATIONAL ORGANIZATIONS AND PROGRAMS"
IN TITLE IV OF
THE FOREIGN OPERATIONS APPROPRIATIONS ACT, 1996
IN CONNECTION WITH THE U.S. CONTRIBUTION TO
THE KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION (KEDO)

Pursuant to the requirements set forth under the heading "International Organizations and Programs" in Title IV of the Foreign Operations Appropriations Act, 1996 (P.L. 104-107), I have determined that:

(a) in accordance with Section 1 of the Agreed Framework, KEDO has designated a Republic of Korea company, corporation or entity for the purpose of negotiating a prime contract to carry out construction of the light water reactors provided for in the Agreed Framework; and

(b) the Democratic People's Republic of Korea (DPRK) is maintaining the freeze on its nuclear facilities as required in the Agreed Framework; and

(c) the United States is taking steps to assure that progress is made on (1) the North South dialogue, including efforts to reduce barriers to trade and investment, such as removing restrictions on travel, telecommunications services and financial transactions; and (2) implementation of the January 1, 1992, Joint Declaration on the Denuclearization of the Korean Peninsula.

The justification for these determinations is set forth below.

(a) - Designation of ROK Company

In section I of the Agreed Framework between the United States of America and the Democratic People's Republic of Korea (DPRK), signed in Geneva on October 21, 1994, the two parties stated that they would cooperate in replacing the DPRK's graphite-moderated reactors and related facilities with light-water reactor (LWR) power plants. The U.S. further stated that it would undertake to make arrangements for the provision of the LWR project to the DPRK, including organizing under its leadership an international consortium to finance and supply the project. This organization, the Korean Peninsula Energy Development Organization (KEDO), was created on March 9, 1995, by agreement of the U.S., Japan, and the ROK. These parties have agreed that the ROK will assume the central role in financing and building the LWR project.

On June 13, 1995, in Kuala Lumpur, the United States and the DPRK issued a joint statement providing that KEDO will select both the LWR reactor model and the prime contractor to carry out the project. (These points were confirmed in the LWR

supply agreement between KEDO and the DPRK, signed December 15, 1995 in New York City.) On the same date as the Kuala Lumpur statement (June 13, 1995), the KEDO Executive Board decided by Board resolution that an ROK reactor model (Ulchin 3/4) would be built in the DPRK by an ROK firm. The Executive Board resolution designated the Korean Electric Power Corporation (KEPCO) as the firm with which KEDO would begin negotiating a prime contract for the light-water reactor project. These negotiations are under way.

(b) - DPRK Maintenance of the Freeze

Section I(3) of the U.S.-DPRK Agreed Framework provides for the immediate freeze and eventual dismantlement of all graphite-moderated reactors and related facilities in the DPRK. Within this context, the DPRK agreed to implement the freeze on its nuclear facilities within one month after the signing of the Agreed Framework and to allow the International Atomic Energy Agency (IAEA) to monitor the freeze on its facilities, with the full cooperation of the DPRK. In addition, the U.S and DPRK agreed to cooperate in finding a method to store safely the spent fuel from the DPRK's 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.

Since November 1994, all of North Korea's graphite-moderated nuclear facilities have been frozen. Specifically, this means no refueling or operation of the 5MW research reactor; no construction on the 50 and 200 MW reactors; no reprocessing and sealing of the reprocessing facility; no operation of the fuel fabrication plant; and no construction of new graphite-moderated reactors or related facilities. The IAEA has maintained a continuous presence at the Nyongbyon nuclear facility and has continued with inspection activities related to verifying and monitoring the freeze in the DPRK according to the terms of the Agreed Framework. In addition to IAEA monitoring activities, the United States continues to monitor the freeze through National Technical Means.

With the successful conclusion of the December 15, 1995 agreement on the supply of light-water reactors (LWRs) to the DPRK, signed between the DPRK and KEDO in New York City, the IAEA will resume ad hoc and routine inspections under the DPRK's safeguards agreement with the IAEA with respect to the facilities not subject to the freeze. The IAEA and DPRK meet periodically to discuss any outstanding safeguards issues that arise, most recently on January 22, 1996. During this meeting, both sides agreed to measures for safely storing the DPRK's spent nuclear fuel from its 5 MW(e) research reactor. When the

first LWR unit is completed, the IAEA will have oversight over the dismantlement of the DPRK's nuclear facilities which will be completed when the second LWR unit is completed.

In January 1995, the U.S. and DPRK agreed on the method for safely storing the DPRK's spent nuclear fuel as an interim step before it is shipped out of the DPRK, as defined in the Agreed Framework. U.S. technical experts have been in the DPRK since July 1995 preparing the fuel for canning in a cooperative joint effort with the DPRK. Actual canning is expected to commence soon and will last approximately three months.

(c) - North-South Dialogue and the Joint Declaration

The U.S.-DPRK Agreed Framework provides that "the DPRK will engage in North-South dialogue." Since then, the U.S. has taken steps to support South Korean initiatives toward the North and to encourage the DPRK to fulfill its commitment to engage in dialogue as soon as possible. In all of our bilateral contacts with the DPRK, the U.S. has made clear that improvement in North-South relations is the key to peace and security on the Korean peninsula, and a requirement if U.S.-DPRK bilateral relations are to continue to move forward. Ambassador Robert L. Gallucci, during his tenure as Chairman of the Senior Steering Committee on Korea, had frequent occasion to raise the issue of North-South relations in his correspondence with his North Korean counterpart, First Vice Minister of Foreign Affairs Kang Sok Ju. Deputy Assistant Secretary of State Thomas Hubbard raised the North-South issue repeatedly during the May-June 1995 negotiations with the North Koreans in Kuala Lumpur on the LWR supply agreement. Most recently, Mr. Hubbard raised this issue when he met with North Korean Ambassador-at-Large Ho Jung in December 1995. Finally, working level officials have repeatedly stressed to their North Korean counterparts the importance of the DPRK improving relations with the South. Over the last year, these points have been made at all three rounds of U.S.-DPRK negotiations on the opening of liaison offices, and repeatedly in contacts with officials of the DPRK Mission to the UN.

In support of ROK initiatives, we have conveyed South Korean positions -- and U.S. support for those positions -- to the DPRK and others. At South Korea's request we have raised several particular issues with the DPRK, sometimes with positive effect. The South Korean government has expressed its appreciation for these U.S. efforts. During this period North and South Korea held a series of bilateral meetings in Beijing that produced an agreement whereby the South provided 150,000 tons of rice to the North as a grant. In December 1995, the DPRK released the crew of a South Korean fishing vessel which strayed into North Korean waters earlier in the year, a step which the ROK had been urging the DPRK to take.

On January 1, 1992, the Republic of Korea and the Democratic People's Republic of Korea issued the Joint Declaration of the Denuclearization of the Korean Peninsula. The provisions of the Joint Declaration state that the North and South:

- shall not test, manufacture, produce, receive, possess, store, deploy or use nuclear weapons;
- shall use nuclear energy solely for peaceful purposes;
- shall not possess nuclear reprocessing and uranium enrichment facilities, and;
- in order to verify the denuclearization of the Korean Peninsula, shall conduct inspections of the objects selected by the other side and agreed upon between the two sides, in accordance with procedures and methods to be determined by the South-North Nuclear Control Commission which shall be established within one month of the effectuation of this joint declaration.

The DPRK and the ROK held a series of South-North Joint Nuclear Control Commission meetings in early 1992 as specified in the Joint Declaration, but these were discontinued as relations between the two Korean states worsened and the DPRK threatened to withdraw from the Nuclear Non-Proliferation Treaty (NPT) and refused to cooperate with the IAEA. As a result, the absence of sustained governmental talks between the ROK and DPRK has delayed further implementation of the Denuclearization Declaration.

The United States has, however, taken steps to encourage DPRK compliance with the Joint Declaration by encouraging North-South dialogue and ensuring DPRK implementation of the Agreed Framework. The Agreed Framework, as a step towards full implementation of the Denuclearization Declaration, has succeeded in eliciting positive DPRK movement on key provisions of the Declaration. Specifically, North Korea's willingness to freeze immediately and eventually dismantle its graphite-moderated nuclear reactors and related facilities has halted activities which would, had they not been stopped, given the DPRK a nuclear weapons capability. Such a capability would have been a threat to peace and security on the Korean Peninsula as well as to Northeast Asia. The DPRK agreement to forego reprocessing under the Agreed Framework and to replace its existing nuclear reactors with proliferation-resistant LWRs represents a major step toward assuring the DPRK will not test, manufacture, produce, store, deploy or possess nuclear weapons. In addition, by agreeing to allow a continuous IAEA inspector presence on the ground and to come into full compliance with its IAEA safeguards obligations, including

taking all steps that may be deemed necessary by the IAEA with regard to verifying the accuracy and completeness of the DPRK's initial report on all nuclear material in the DPRK, the DPRK has not only gone beyond its NPT and IAEA safeguards obligations but also is taking steps related to the inspection objectives set forth in the Denuclearization Declaration.

2/20/96 WSJ

North Korea's Puzzle

Korea's history is a tale of perseverance through adversity, and the bitterest chapter is early spring. In the successful, capitalist South, older Koreans still remember the deprivation of "Porigoke," the period between the end of winter's last reserves and the first barley harvest, and how they and their elders had to forage for whatever the earth had to offer, even bark.

But if this is folklore in the South, in the Stalinist North, Porigoke is a reality—and could destabilize the region. The hunger reported for the past few months could turn to famine. A desperate people may resort to rioting, and their regime may seek to create a distraction by manufacturing a crisis along its heavily fortified border. No one knows how the South, going through its own internal crises, would react.

If the food situation in the North is indeed dire—and as Journal reporter Craig S. Smith recently learned on the Chinese side of the border, it probably is—then one has to wonder why North Korea's generals have canceled the aid appeal they orchestrated the past month or so.

Most likely the appeal had accomplished its real purpose: to drive a wedge between North Korea's hated rival government in the South and Seoul's two allies, the United States and Japan. That this was on Pyongyang's mind is suggested by the timing of their recent twin announcements, both of which departed from established practice.

Six days after Washington informed the North it would ignore Seoul's objections and go ahead with plans to give humanitarian aid to North Koreans, Pyongyang publicly thanked the U.S. government for the money. Coming from a country that ritually berates the U.S. as the world's

ultimate warmonger for keeping 37,000 troops in the South, Pyongyang's unprecedented praise for Uncle Sam was a clear taunt to America's allies, the South Koreans. To drive the point home, Pyongyang also praised Japan for following a more "independent" foreign policy on North Korea.

Then the next day, Pyongyang called off its appeal for food and other emergency aid. North Korean U.N. Ambassador Park Gil-Yon, in a rare acknowledgment of the generals' influence, said the decision had been taken by the military. Reports quoted him as saying that the donor countries (the same ones thanked a day earlier) were trying to use the aid for political leverage with Pyongyang.

The admission of the military's influence is only the freshest indication that Kim Il-Sung's anointed successor, his son Kim Jong-Il, is having problems holding the reins of power. More than a year and a half after papa died, junior still hasn't been named president, or head of the Worker's Party. Rarely seen in public, he appears in photographs usually surrounded by military folk. For now, it seems, neither side feels secure enough to oust the other.

As to the U.S., no doubt its offering of \$2 million in food aid was motivated by the best of instincts; and indeed, when a population is starving, the instinct to help is natural, even if its government is evil. However, Washington needs a coherent foreign policy here. This means that for insight and advice on all matters Korean, the Administration should pay public heed to its ally on the peninsula, the government in Seoul. That is something the Administration ought not to forget in the difficult days ahead, as Porigoke approaches along the heavily armed Demilitarized Zone.

Asides

Spooked Republicans

Some GOP pundits have developed an inferiority complex about their chances of defeating Bill Clinton, even though he has some of the lowest reelect numbers of a modern President. Take Frank Luntz, a young GOP pollster of a flexible philosophical bent. Last year he said that Clinton pollster Stan Greenberg "scares the hell out of me . . . he's the best." He followed that up last month by appearing on National Empowerment Television to predict Bill Clinton would win re-election be-

cause his "A-team" is "incredible" and "so effective." Mr. Luntz later qualified his remarks, but his statements are clear enough to us. During World War II, British soldiers convinced themselves that Ervin Rommel of the Afrika Korps was unbeatable. It took a new leader, Field Marshal Montgomery, to demonstrate he was no superman. The more quickly Republicans pick their nominee to lead them in the fall campaign, the better able they will be to overcome the defeatist attitudes some in their midst have begun to harbor.

ing majority of noncitizens are elderly. Most apply for five years of arriving in

An analysis by Norm University of California that 45% of elderly immigrants received cash welfare Russian immigrants the among Chinese, 55%. Welfare grants are far more likely for dependents than for the U.S. In earlier decades trends continue, the U.S. has more than three million noncitizens within 10 years.

Without reform, the total Medicaid benefits for elderly immigrants will amount to \$1 billion over the next decade providing SSI and Medicaid these individuals will reach \$1 billion a year by the year 2000.

Even if the rapid increase in elderly noncitizens were to halt and reverse levels—which is highly unlikely—payers would still pay more than \$1 billion over the next 10 years for Medicaid benefits for residents.

Prof. Matloff found that immigrants are well aware of policies and procedures here. Besides word of mouth, they receive formal counseling

The

By SALLY SA

Ralph D. has molested children and set at least seven fires which destroyed an apartment. Forty-three years old and he is now under the care of the Massachusetts Department of Mental Health. He has set him up in a two-bedroom funded house. Round-the-clock aides maintain a constant watch on house lest Ralph D. start his treatment, they keep track of him so he won't become a neighborhood children.

Ralph D.'s treatment costs \$2 million annually. It's a small budget in the county's mental health budget. He resides. That's enough money for residential treatment for mentally ill people for three years of social workers and psychiatric patients living in their own homes.

The Massachusetts Department of Mental Health squanders its money on Ralph D. because it has no imperative: Keep patients in institutions and "in the community." According to the department, Ralph D.'s monitoring and treatment is to establish degrees of autonomy that enable the individual to participate in the activities of any other citizen. Never mind that Ralph D.'s "autonomy" is, itself, an illusion.

Beginning in the 1950s, institutionalization of the

Military misfire

Why shouldn't the HIV-infected be able to serve?

There are some 6,500 Americans in the military who are not eligible for overseas combat duty because they have a chronic illness — heart disease, cancer, asthma. But since the illness is not debilitating, they still serve honorably in less dangerous positions in the armed forces.

A sensible policy would include the 1,049 servicemen and women who are known to have HIV. In fact, a sensible policy did — until reactionary legislation sponsored by U.S. Rep. Robert K. Dornan (R., Calif.) and reluctantly endorsed by President Clinton last week.

Now the folks with the virus, which can lead to AIDS, will be drummed out of the military because of an unfair, shortsighted policy that ought not to be implemented.

Even Sen. Sam Nunn — Congress'

leading military expert and a vocal critic of allowing homosexuals in the military — makes the obvious point that it is foolish to discharge experienced military personnel in whom taxpayers have invested millions to train and educate.

But apparently it's hard to talk sense to the likes of Mr. Dornan. On a misguided crusade, he was able to amend the annual defense spending bill to include the new prohibition, making it difficult for the President to veto the bill (although he should).

Granted, the HIV virus is different from cancer or heart disease, because it can be contagious during activities that go beyond casual contact, including the possibility of mixing blood. And while promising treatments are on the horizon, AIDS remains incurable.

But the Pentagon already has a

policy that prevents HIV-infected service members from participating in overseas combat missions. There are plenty of other jobs to do in the military where the infinitesimal risk of infection is no different than in civilian work environments where HIV carriers participate daily.

Pentagon officials say the Dornan amendment will have damaging consequences, hurting spouses and children of infected service members who will lose medical coverage. Half the people on the HIV list have family dependents, usually a wife and children.

At least one among the infected contracted the virus from blood transfusions, and others from their spouses. Was it better for them to come forward, or stay silent to keep their jobs?

President Clinton deserves credit for trying to prevent discriminatory legislation from leaking out of Washington in recent years. Now he and the sane folks left in Congress have a clear obligation to eliminate this discriminatory and senseless policy.

WASHINGTON TIMES

Feb. 7, 1996

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U.S. asks Japan for assistance in funding N. Korea fuel deal

State Department says budget stalemate created need

By Gus Constantine
THE WASHINGTON TIMES

The United States is asking Japan and other, unnamed nations to ante up short-term funds to pay for the promised U.S. delivery of fuel oil to North Korea, Winston Lord, the State Department's top official for East Asia, said yesterday.

He told reporters at a State Department briefing the loans were needed because the recent budget stalemate had left the United States in a "pinch for the short term."

A \$22 million oil delivery is due this month under the 1994 framework agreement that froze North Korea's nuclear endeavors.

Mr. Lord called the accord "one of the major achievements of this administration's foreign policy."

This is not the first time the United States has committed itself

to a foreign policy course and later passed the hat to pay for it. In the Persian Gulf war, the Bush administration decided to drive Iraq out of Kuwait, then went to Japan and others for help with the funding.

"We are obligated to provide the fuel under the accords. But the budget delay has put us temporarily in a bind," Mr. Lord said.

Under the nuclear framework accord, North Korea pledged to freeze and eventually purge itself of its present nuclear bomb-making materials and capability.

In exchange the United States pledged, together with South Korea and Japan, to provide two light-water nuclear reactors for fuel production and to supply millions of dollars worth of fuel oil while two new, less-threatening reactors are being built.

The United States also an-

nounced this week that, to help the North halt widespread hunger caused by rampaging floods in the region, it was sending \$2 million in humanitarian aid.

Mr. Lord scolded the press yesterday for "making it appear" that the United States is breaking ranks with its Asian allies by sending the food aid.

South Korea has been adamant in its refusal of food aid to Pyongyang, questioning whether conditions are as bad as the North has made out and seeking to link food aid to resumption of a high-level North-South dialogue.

"What was not mentioned was that our limited food aid is a separate matter from the question of long-term assistance to solve the North's structural economic problems — a matter which is still under discussion with our allies," Mr.

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Leaders stand united on aid plea

DAVOS, Switzerland (Deutsche Presse Agentur) — Political leaders from the Balkans yesterday issued a united plea for more international help in rebuilding Bosnia-Herzegovina.

The appeal, issued at the closing stages of the world economic forum at the Swiss alpine resort of Davos, urged the importance of achieving a stable peace that would enable people to return to normal life in the war-torn Balkans.

The appeal was issued by heads of government of Bosnia-Herzegovina, Croatia and Yugoslavia as well as other Balkan leaders and representatives from Hungary, Albania, Romania, Bulgaria and Greece.

The chief Bosnian aid coordinator, Carl Bildt, said the meeting was historic in that it was the first time in many years that the statesmen of the Balkan region had come together to talk around the same table.

Bosnian Prime Minister Hasan Muratovic called the meeting "not just a matter of solidarity, but of commercial prospects."

Mr. Muratovic estimated the Bosnian war damage at \$45 billion, while the Croatian delegation put the cost of war damage in its country at \$17 billion.

The World Bank has also reported that almost 90 percent of the Bosnian population is dependent on support from international

aid organizations.

Haris Silajdzic, former prime minister of Bosnia-Herzegovina, called for Bosnia to be integrated into the European Union as an associate member so that the "aggressive nationalism, fascism and genocide" that have been haunting the country could be conquered.

And time is running out, he said. His country is still waiting for assistance that had been pledged in the Dayton, Ohio, peace agreement.

There was, however, still some disagreement yesterday between the United States and the EU over how the planned international aid package should be put together.

EUROPEAN STARS & STRIPES

Feb. 7, 1996

Pg. 6

Dalton makes rounds to give thanks

By SUE PALUMBO

Mediterranean bureau

NAPLES, Italy — Navy Secretary John H. Dalton touched down on several 6th Fleet ships in the Mediterranean and Adriatic on Tuesday to congratulate sailors on their efforts to support the Bosnian peace agreement.

"They've had an outstanding deployment and actually have set a record in terms of number of sorties, over 11,000 sorties they've done this particular deployment," Dalton said, referring to the crews of the aircraft carrier *America* and its battle group.

Dalton's visit to five ships included the fleet flag ship *La Salle* and the *America*. He

was to spend Tuesday night on the *La Salle* before returning briefly to Naples today to catch a flight to Aviano AB, where he will speak to the Marines supporting the Bosnian effort there. On Thursday, Dalton will stop in Brussels, Belgium, before heading back to the United States.

Dalton's visit comes on the heels of a spate of dismissals of high ranking naval officers for a range of sexual misconduct and harassment charges. The Navy fired one admiral after he off-handedly told reporters that three servicemembers who allegedly raped a Japanese schoolgirl could have avoided the incident if they had hired a prostitute. Another admiral was fired after carrying on a sexual relationship with an enlisted member of his

command and then blocking her attempts to transfer.

Dalton said the Navy has made it clear there is no room in the Navy or Marine Corps for sexual harassment or discrimination.

"The reason you've been reading about it is because we're serious about it," Dalton said. "The stories you've been reading are showing that whether they be seaman, or chief petty officers, or lieutenants or admirals — regardless of the rank of the individual — if their conduct is unbecoming, they'll be dealt with appropriately."

"Things that may have been acceptable in the past are no longer acceptable."

USA TODAY

Feb. 7, 1996

Pg. 1

Vietnam vet who deserted in 1970 is demoted

By Linda Kanamline
USA TODAY

A Marine corporal who deserted 25 years ago because he was shocked by the USA's reaction to Vietnam veterans was ordered demoted Tuesday and given a bad-conduct discharge.

Donald Bailey, 45, served 13 months as a rifleman in Viet-

nam in 1969 and 1970, winning several decorations.

Then 19, Bailey had seven months of his tour left to serve at Parris Island, S.C., when he fled to Canada in disgust over how Vietnam vets were treated in the United States.

"We had people walk up to us and spit on the ground," Bailey said. "I thought I could mix and mingle with friends I had

before the Marine Corps. They didn't want me around."

So he left for Canada, where he married, had a son and divorced. Later, he made guitars and sang with a blues band.

Last fall, as the United States renewed relations with Vietnam, Bailey said he decided it was time to come home.

"I thought maybe it was time

for me to heal, too," he said.

Bailey said he didn't seek clemency years ago because "I was wrong."

He could have faced up to seven years in prison. Instead, he'll remain on duty at Camp Pendleton, Calif., for up to three months before being busted to private and receiving a bad-conduct discharge.

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Lord said.

Separate or not, the South Koreans were so upset that National Security Adviser Anthony Lake showed up in Seoul on Monday and publicly pledged that Washington would maintain a joint stance with Seoul on ties with North Korea.

The North's structural economic woes stem from several causes, including a go-it-alone economic philosophy; a staggering defense burden; the collapse of its principal economic ally, the Soviet Union; and Chinese demands that trade with North Korea be on the basis of cash rather than barter.

WASHINGTON TIMES

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JAMES ANDERSON

Perils of growth mongering

Predicting the "next economic superpower" remains one of Washington's favorite parlor games, with China the latest aspirant to inherit this lofty title. Past nominees have long since disappointed their champions. Remember the breathless hype about India's potential 20 years ago? Since India's middle class exceeded the entire U.S. population, the argument went, New Delhi's had stratospheric promise.

After government policies choked off India's growth potential, pundits turned to resource-rich Brazil as the next global juggernaut. Alas, these predictions proved wildly off target as well. Backed by repeated financial crises, Brazil remains very much a Third World country.

By the early 1980s, forecasters fingered Japan as the country to surpass the United States. High annual growth rates guaranteed Japan's inexorable progress, or so it seemed. Pundits failed to anticipate a series of financial and political crises that since have punctured the Pax Nippon hyperbole.

While growth rates sagged for different reasons in India, Brazil and Japan, the exaggerated forecasts resulted from a similar flaw:

WASHINGTON POST

Feb. 7, 1996

Pg. 14

PLO Delays Decision to Drop Anti-Israel Clause in Charter

Reuter

EL ARISH, Egypt, Feb. 6—Palestine Liberation Organization leaders met today but delayed a decision on removing a call for Israel's destruction from their 1964 charter, saying they are leaning toward drafting a new document rather than changing the old one.

"All Executive Committee members who attended the meeting agreed there should be a new charter instead of just amending the old one, but there is still no decision," said Ali Ishaac, a member of the committee. "This new charter will be based on establishment of a Palestinian state, the right of refugees to return and borders."

PLO leaders said the 18-man Executive Committee will meet in Gaza after the Muslim holy month of Ramadan, which ends in two weeks, to discuss convening the Palestinian National Council, the 446-member parliament-in-exile that is the only body that can change the charter.

Ishaac said the Executive Committee attached conditions to calling the council into session.

"This includes release of Palestinian prisoners from Israeli jails; a halt to Jewish settlement activities and concluding redeployment from Hebron and other Palestinian areas in the West Bank," he said.

Executive member Yasser Abed-Rabbo said a main discussion point has been creation of a mechanism to link the PLO with legislative and executive bodies elected on Jan. 20 under the PLO-Israeli peace accord in Palestinian self-rule areas.

Under an Israeli-Palestinian agreement in September 1995, the Palestinian National Council must convene to amend the charter within two months of the Palestinian elections.

Israel insists that the change be made before it embarks on final-status peace talks with the Palestinians that are set to begin in May.

economic tunnel vision.

Long-term linear forecasts suffer from two crippling defects. First, it often gives short shrift to underlying fiscal and monetary fundamentals required for sustained economic development. Second, it downplays shocks that may originate outside the country, such as oil embargoes and liquidity shortages.

Despite the problems with long-term predictions, another sanguine consensus has emerged: by 2010 (or possibly 2020), China will out-muscle the United States and become the world's largest economic power.

Don't bank on it. Recall that China's potential has dazzled Westerners since American missionaries first visited the Middle Kingdom in the 19th century. The expectations have always fallen short of reality, often dramatically so, thanks to foreign occupations, civil wars, and self-inflicted revolutionary wounds.

Pundits find it easier to project annual growth estimates than to analyze China's future political course. Yet over the long haul, China's political future will have the greatest impact on its economic potential. And herein lies the rub: Beijing will not sustain its recent growth unless the political system, which remains unapologetically Leninist, liberalizes.

In the meantime, the Western penchant for overestimating China's growth potential will have real-world consequences, most of them negative. Beijing has already exploited the political leverage associated with being tabbed as the next economic superpower. Consider Washington's muted response to China's "test firing" missiles toward Taiwan earlier this year. No other country, save perhaps Russia, would escape being denounced for attempting such heavyhanded intimidation.

Exaggerating China's potential has also fueled speculation about its

future military capabilities. (Estimating China's defense budget has become a cottage industry in itself.) While the intelligence community must keep close tabs on Chinese military developments, Washington policy-makers should confront current Chinese policies undermining our security interests.

The failure to address China's illicit trafficking in missile technology makes a mockery of the administration's counterproliferation policy. Washington's "no position" approach to the Spratly Islands dispute is yet another recipe for disaster. This deferential posture will encourage further adventurism in the South China Sea, just as Washington's relative silence regarding egregious human rights violations — including the recent show trial of dissident Wei Jingsheng — has emboldened China to squelch what little remains of its prodemocracy movement.

Those policy failures raise a broader question: If the administration cannot influence Beijing today in important security areas, then why will success come tomorrow when, as the seers assure us, China will be even more powerful? Lacking a credible strategy, the administration's hope that China will morph itself into a non-threatening democracy will remain just that — a hope.

Overestimating economic growth also colors sterile "containment vs. engagement" China debates. All too willing to blink at China's coarse behavior, engagement apologists remain transfixed by China's market potential. Ignoring the country's potential, for democratic change, the apostles of containment see China's development as inherently threatening.

The containment vs. engagement debate represents a false choice. Neither strategy will work in isolation. A coherent blend of the two approaches, which may well require more policy dexterity than the Clinton administration can manage, is required to encourage political liberalization, contain illicit arms transfers, and secure compliance with existing trade agreements. Speculative predictions about China becoming the next superpower should not detract from these real-world imperatives.

James H. Anderson is an assistant professor of international relations at Command and Staff College, Marine Corps University in Quantico, Va.

Guatemala's New President Shakes Up Army and Police

By JULIA PRESTON

GUATEMALA, Feb. 6 — Guatemala's new President, Alvaro Arzú Irigoyen, has carried out an extensive purge of top officers in the country's notorious armed forces and dismissed more than a hundred police officers for corruption.

Among those whose careers were ended, five days after the President took office last month, are two colonels linked to killings involving American citizens.

One is Col. Julio Roberto Alpírez, an intelligence officer accused of complicity in the torture and slaying of a guerrilla prisoner who was the husband of an American lawyer, Jennifer Harbury, in an army barracks in 1992. Last year Representative Robert G. Torricelli, a New Jersey Democrat, disclosed that Colonel Alpírez was a paid agent of the Central Intelligence Agency at the time of the killing of Ms. Harbury's husband, Efraín Bámaca, a leftist rebel.

United States officials have said Colonel Alpírez also obstructed the investigation and protected the killers in the case of Michael DeVine, an American savagely slain in 1990 at the base commanded by Colonel Alpírez after a confrontation with a drunken military officer.

Col. Mario Roberto García Catalán, another officer who American officials said helped the cover-up of Mr. DeVine's killing, was also dismissed. The United States cut off military aid to Guatemala in 1990 because of the Government's failure to solve the case.

The Government made the changes with little fanfare, portraying them as "routine." But diplomats and analysts said the new line-up eliminates key officers linked to human rights abuses or corruption and shifts the upper hand in the military to officers who support or at least tolerate United Nations-mediated peace talks with the guerrillas.

In one stroke on Jan. 19, Mr. Arzú discharged 8 of the 16 generals in Guatemala's armed forces and sidelined many colonels, making more high-echelon changes than any other civilian President during the faltering transition to civilian rule that began in 1985.

Mr. Arzú "has not said exactly why he did it, but the objective fact is that people with nasty records are being pushed out," said a diplomat who monitors the military.

As a sign that the pace of reform remains glacial, however, there is no indication that any of the discharged officers will face criminal prosecution. Most remain on "stand-by," continuing to draw partial salaries but facing obligatory retirement in two years.

The Guatemalan armed forces, the center of power in the country since a C.I.A.-backed coup in 1954, have proved the most insular and resistant to change of any in Central America. After crushing the guerrilla insurgency in the 1980's in a violent campaign, the military has grown uncertain about its mission in recent years, and a number of officers have been implicated in trafficking in stolen cars and narcotics.

Although Mr. Arzú, a conservative, won only a narrow electoral victory, he pledged to complete a peace agreement with the guerrillas by August despite deep misgivings in the officer corps and private business. Mr. Arzú made an emotional appeal for peace in his welcome to Pope John Paul II on Monday, saying Guatemalans were "sinners" who "wounded each other forgetting that we are brothers."

Also removed from command was Gen. Carlos Enrique Pineda Carranza, whose dismissal was sought by the United States after American narcotics agents identified his brother-in-law as a drug trafficker.

The Government made no secret that it dismissed 118 police officers, including 85 precinct commanders, on Jan. 26 because they were linked to criminal activity.

"To prevent them from using their power to protect themselves and other criminals, I prefer to fight them as civilians on the street," Government Minister Rodolfo Mendoza said. Mired in corruption and inefficiency, the police have been powerless to prevent a national wave of robberies, killings and kidnappings for ransom.

The Current News *Early Bird*, Supplement, and *Radio-TV Defense Dialog* are now available at www.dtic.dla.mil/ebird. Read detailed instructions on the *Early Bird* "home page" or call the Defense Technical Information Center for information (703-767-6000, DSN 427-6000). These electronic publications cannot be made available to any addresses other than DoD and .mil sites.

ry N Korea on shore: fi se

US aid seems to have been prompted by fears of destabilisation in the region, writes Tony Walker

Korean stability, including the US, Japan and South Korea are considering three broad scenarios. These would involve:

■ **Implosion**, in which economic hardship and famine precipitated a violent leadership struggle causing the destabilisation of North Korea and the mass outflow of refugees.

■ **Explosion**, in which a desperate regime in Pyongyang sought to rally people on the brink of starvation by engaging in a reckless act of war against a common enemy — namely South Korea.

■ **Soft landing**, in which present relief efforts played their part in helping North Korea muddle through its present difficulties, the country stabilised and continued its gradual opening to the outside world.

North Korea's opaque system, its hermit-like leadership, and its weird responses on many international issues

make it difficult to predict which course Pyongyang might follow, but its parlous economic state renders the outlook bleak.

"I am not very optimistic about the long-term viability of the regime," said a Korea specialist among western officials in Beijing. "International relief efforts may alleviate the situation in the short term, but it will not be easy for a rigid Stalinist system to evolve peacefully towards a more open society."

This is by no means a universal view, however. Mr Ian Davies, a consultant to United Nations Development Programme's Tumen River scheme, in which North Korea is a participant, believes Pyongyang is bent on following China's example and gradually opening its economy to the outside world.

The UN is promoting the Tumen River area, where

China, Russia and North Korea meet, as a new economic zone involving the neighbours and Mongolia. North Korea, according to Mr Davies, is the most enthusiastic of participants.

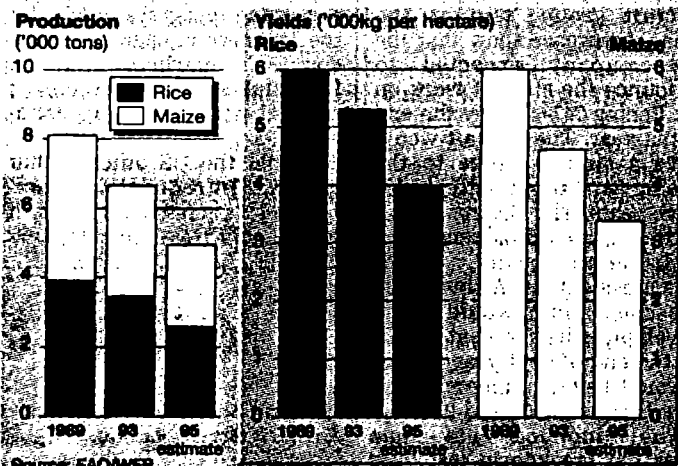
"The North Koreans pretend nothing is happening, but the reality is that there are major economic changes taking place, but they don't call them changes," he says.

Mr Davies is also sceptical about the seriousness of the famine, pointing out that Pyongyang has belatedly discovered foreign aid in the same way that Beijing did in the early 1980s.

But international relief agencies, whose representatives have been on the ground in North Korea since last October, have no doubt the country is facing a full-blown crisis.

They attribute this partly to the severe flooding of last July and August, and also to the disastrous state of the coun-

North Korean rice & maize: unstable staple



try's state-dominated agriculture, reminiscent of problems caused by the collectivisation of Chinese agriculture in the 1960s and 1970s.

The UN's Food and Agriculture Organisation and World Food Programme, in a devastating report on North Korean agriculture completed last December, noted a catastrophic slide in output of staple rice and maize to 4.9m tonnes in 1995 from 8.1m tonnes in 1989, a drop of about 40 per cent.

The FAO/WFP report estimates a shortfall in production of 1.7m tonnes in 1995, half of which is attributable to farming problems and half to floods. Per capita availability of food grains had slid from 345kg in 1989 to 222kg in 1994. The figure will drop further this year.

North Korea, the report said, will need 6m tonnes of food grains to feed itself in 1996, but at this stage domestic production, imports and food aid would cover just 4.6m tonnes, leaving a shortfall of 1.2m tonnes. Clearly, additional foreign aid is required beyond the \$10m already promised.

In the longer term, this assistance will not solve North Korea's economic difficulties, caused by a stagnating economy, a demoralised workforce, lack of foreign exchange and investment, chronic fuel shortages and crumbling infrastructure. The present famine may be a warning of worse to come. FAO/WFP Crop and Food Supply Assessment Missions to the Democratic People's Republic of Korea, December 1995. FAO, Via della Terme di Caracalla, 00100 Roma, Italy.

TOKYO AND SEOUL MAY FUND FUEL OIL SUPPLIES

Japan and South Korea should consider financing fuel oil deliveries to North Korea threatened with delay by Washington's budget crisis, Mr Yukihiko Ikeda, Japan's foreign minister, said yesterday, William Dawkins reports from Tokyo and John Burton from Seoul.

US officials worry that any supply delays could provide North Korean military hardliners with a pretext to scrap the 1994 agreement under which Pyongyang agreed to dismantle its nuclear and long-range weapons programmes. Washington agreed to provide \$4,000 million in aid to North Korea, but to assure its energy needs with two new

light-water reactors, which cannot be turned to military use.

"We should co-operate among Japan, the US and South Korea and consider a realistic action if it is an issue of a stopgap payment" until the US resolves the budget dispute, said Mr Ikeda.

He was responding to a plea by Mr Walter Mondale, US ambassador to Tokyo, who expressed fears the US budget dispute might not be resolved in time for the disbursement of an estimated \$12m (£8m) needed to fund the oil deliveries to North Korea this month and next.

The issue is expected to be discussed today between Japanese officials and Mr

Anthony Lake, US national security adviser, who is holding discussions in Tokyo and Seoul on a comprehensive North Korean policy.

South Korea has previously rejected suggestions that it should help finance the fuel oil deliveries because it has already promised to fund most of the \$4bn nuclear reactor project for North Korea.

Meanwhile, the US is seeking other possible financial donors for the North Korean oil deliveries. It has approached the European Union, but "Brussels is unlikely to make up its mind about approving funds in the near future," one European diplomat in Seoul said.

CONTRACTS & TENDERS

Share against

IV once derided as an ineffective "blunt instrument" in global politics, economic sanctions have become the main tool of coercive diplomacy in a world where the major powers are at peace. Increasingly, America and its allies rely on sanctions to change other nations' behavior or regimes.

The Clinton administration now faces the need for new decisions or new attention to three cases that illuminate the strengths and weaknesses of sanctions in this era of a global economy. They also illustrate how disagreement over sanctions is a constant source of tension between America and its European allies:

■ **Ex-Yugoslavia, where sanctions have worked—so far.** They must be maintained if the Dayton accord, still only a success-in-progress, is to achieve its purpose fully.

At the Dayton peace talks, Serbia's Slobodan Milosevic launched every session with impassioned appeals that the international trade and investment restrictions crippling his economy would have to be lifted immediately if there was to be a deal. Milosevic made it clear that only sanctions had driven him to negotiate.

A major triumph of U.S. diplomacy in reaching the Dayton agreement was resisting European pressure to ease

sanctions first to get Milosevic's signature on the accord. Instead, the Clinton administration insisted on maintaining sanctions as a pressure point until the

The debate about economic sanctions.

Serbs deliver on their obligations. Secretary of State Warren Christopher went to Belgrade last Sunday to reinforce that message in person.

But France is privately pressing the United States and its European partners to restore full diplomatic relations with Serbia now so the lifting of sanctions can begin. Disagreement on this timetable produced the only sharp notes of discord during President Jacques Chirac's visit to Washington last week. U.S. officials fear that France may go it alone on diplomatic recognition of Serbia.

That would add to existing U.S.-European strains over the Dayton accord's deadline for civilian elections next September. The Europeans feel that goal is impossible. The Americans, determined to get all American forces out of Bosnia by December, say it is imperative. Clashes loom.

■ **Iraq, where sanctions have worked—up to a point.**

Saddam Hussein's bloodthirsty regime has been contained. Sanctions have helped swing Jordan's King Hussein into committed opposition to Saddam's regime, which the monarch confirmed last Sunday by a cabinet shuffle that ousted Saddam sympathizers.

But Saddam survives, taunting George Bush and Colin Powell that he is still in power and they are not.

Saddam opened talks with the United Nations this week on U.N. Resolution 986, which would permit Baghdad limited oil sales in return for international supervision of the distribution of food and other supplies inside Iraq. The outlook is for drawn-out, unsuccessful talks that Saddam hopes will nonetheless chip away at European and Russian resolve on sanctions.

He rightly fears that U.N.-run relief operations on Iraqi soil would weaken his ability to terrorize the population. It is Saddam's lust for power and war, not sanctions, that has ruined his country and imperiled its children. The Clinton administration says it is determined to resist any changes to Resolution 986. That is the right approach.

■ **Libya, where sanctions are more of a sometime thing for the Clintonites than in Serbia and Iraq.**

When Senate Republicans recently added Libya to a law applying new international investment and trade restrictions to Iran, European ambassadors descended on the State Department to protest. The Europeans had been low-key when the law covered only Iran, where opportunities for profit are limited, but they did not want the apple cart upset in more lucrative Libya.

State Department officials fear overloading the circuits on Libya, already subject to lighter U.N. sanctions that the Europeans do observe. State wants the House committee now considering the law to keep Iran, drop Libya. The administration also has shown little public interest in challenging the recent visit to Libya by Nation of Islam leader Louis Farrakhan, who may have violated sanctions by his conversations with Libyan leader Moammar Gadhafi about a \$1 billion Libyan fund for Farrakhan.

With sanctions, the medium is the message. By showing no give on Serbia and Iraq, the administration has consistently moved its policy objectives forward. On Libya, Washington is conveying an inconsistent resolve and is not getting Gadhafi to cooperate on solving the 1988 bombing of Pan Am Flight 103. The administration needs to review its own files on Serbia and Iraq to see where it is going wrong in Libya.

line—in this case, Dole. The amusement at Forbes's
Richard Cohen
Legitimacy of the Government
My colleague David Broder

to the National Governors' Association meeting here and found the Reverend by Steve Forbes. Many support Bob Dole, so it is understandable that they find Forbes a bit take. But beyond that, they c Forbes's incessant trashing of ment, politicians and Washington. This column is about The chickens have come home

Actually, I could not agree with the governors. One of them, ta's Arne Carlson, made so much in his remarks to Broder that will be kicked out of the Congress. allowed that politics is "a noble profession," and he thinks most people politics for "noble reasons." those people, he says, is Dole. Amen, amen.

But Carlson aside, where have good governors been in the years? Were they not around when old Reagan came to Washington, calling it (among other things) "puzzle palace on the Potomac," remember the former president about the federal budget as tainted a line-item called "waste and abuse"? If it could only taxes could be lowered, deferring increased and a smooth change guaranteed to one and all.

In fact, to spend some time Forbes is to get the feeling he Redux. He has the same bumbulism, the same low-tax, anti-ton message and—*nota bene*—ability to hit his mark and speech as if he were doing it in time. To be authentic each time you give the same speech Reagan knew well, no mean feat.

But Forbes hark back to

George F. Will

Sex and the Democratic Process

Is democracy like sex? Surely not. If it were, more people would vote.

However, Professor Glenn Harlan Reynolds of the University of Tennessee Law School uses that question as the title of his article in the Vanderbilt Law Review and answers the question in the affirmative. Although Reynolds wrote before Steve Forbes lit up the firmament, Reynolds's reasoning illuminates Forbesism, the ideology.

In biology as in the body politic, parasites are a problem. What sex does in the former—enhances resistance to parasites—democracy does in the latter.

Reynolds uses the noun "sex" to denote not the interesting personal experience but to denote sexual as opposed to asexual reproduction. Sexual repro-

which makes it hard for parasites to adapt. Sexual reproduction, by creating diversity in the host population, combats parasites by making it difficult for them to become too well-adapted to their hosts.

What has all this to do with democracy and the publisher who would be president? Democratic decision-making, which is often irrational and chaotic, churns the political class, making government a moving target for the social parasites that economists call rent-seekers. They are people who try to prosper not by being productive but by taking from others, by being politically powerful enough to get government to redistribute wealth to their advantage. Rent-seekers try to get government to confer on them profitable advantages, such as tax breaks, or to impose on competitors disadvantages, such as regulations.

The second development injurious to the government's anti-parasitic structure is the Supreme Court's permissiveness about the delegation of lawmaking power by Congress to nonlegislators. Because Congress is trying to do more than it has time to do, and because it likes to duck difficult decisions, it likes to delegate decision-making to administrative agencies run by unelected bureaucrats, with whom the parasite class can cultivate long-term relations undisturbed by democracy's turbulence.

Reynolds has a point. Term limits would be less necessary if Congress were confined to exercising constitutionally enumerated powers and were it restrained from delegating promiscuously. But neither of those desirable developments is probable.

NORTH KOREA FOOD AID
CONGRESSIONAL STAFF CALL LIST

NSC

Gingrich
Gephardt
Dole
Daschle

STATE DEPARTMENT

Gilman
Hamilton
Bereuter
Berman
Kim

Helms
Pell
Thomas
Robb
Murkowski

USAID

Roberts
DeLaGarza
Lugar
Leahy
McConnell
Callahan
Wilson

Suggested Points for Hill Calls

- Following through on our conversations earlier this week, we are now able to inform you the Administration has decided to provide through the UN World Food Program (WFP) \$2 million of flood related assistance to North Korea.
- This modest assistance would be in the form of a grant from USAID's Office of Foreign Disaster Assistance to the World Food Program for procurement of food and related costs.
- We have made this decision to respond to a genuine humanitarian need and to continue encouraging North Korea's engagement in the international community.
- We have coordinated this decision with South Korea and believe South Korea understands our decision was based on humanitarian considerations. We are confident the WFP can monitor effectively the distribution of the aid.

Draft Press Statement
State Department

In response to an appeal from the United Nations World Food Program (WFP), the U.S. government has decided to provide \$2 million of humanitarian assistance for use on flood related relief in North Korea. Recent floods destroyed significant portions of rural farm land resulting in widespread food shortages and malnutrition. The floods have worsened an already significant food shortage which the WFP estimates may exceed one million tons this year.

This assistance will be in the form of a grant from USAID's Office of Foreign Disaster Assistance (OFDA) to the WFP for procurement of foodstuffs. The U.S. has chosen WFP as the channel for this assistance because of its ability to monitor closely distribution to ensure that the aid reaches those in need. The U.S. also provided emergency humanitarian assistance through the WFP to North Korea in 19xx and 19xx

UNCLASSIFIED

FAX TRANSMITTAL SHEET

Number of pages + cover 4/ total

FROM: WILL DAVIS

TELEPHONE: 202-456-9171

FAX NUMBER: 202-456-9170

	TO	PHONE	FAX NUMBER
1.	<u>Keith McCormick</u>		<u>7-9667</u>
2.	<u>Joe Fredericks</u>		<u>7-3945</u>
3.	<u></u>		<u></u>
4.	<u></u>		<u></u>
5.	<u></u>		<u></u>
6.	<u></u>		<u></u>

Here are the Talkers - go ahead and
start making staff calls. Also draft press
stmt FYI

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memo	action, Sandra Kristoff to Anthony Lake re Annoucement (2 pages)	02/01/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
William Davis (Legislative Affairs)
OA/Box Number: 959

FOLDER TITLE:

North Korea/South Korea [3]

2009-0528-F
kc1455

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001b. cable	re Food Aid for North Korea (2 pages)	01/31/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
William Davis (Legislative Affairs)
OA/Box Number: 959

FOLDER TITLE:

North Korea/South Korea [3]

2009-0528-F
kc1455

RESTRICTION CODES

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State Department

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NORTH KOREA -- FLOOD RELIEF ASSISTANCE

Q: What is the status of food assistance to North Korea?

A: -- IN RESPONSE TO AN EMERGENCY APPEAL FROM THE WORLD FOOD PROGRAM (WFP), THE DEPARTMENT HAS AUTHORIZED AID TO PROVIDE AN ADDITIONAL \$2 MILLION IN HUMANITARIAN ASSISTANCE FOR USE BY THE WFP IN MEETING FLOOD DISASTER NEEDS IN NORTH KOREA.

Q: Can you provide details on how the aid will be provided and how its use will be monitored?

A: -- THE HUMANITARIAN ASSISTANCE WILL BE PROVIDED BY USAID THROUGH THE WORLD FOOD PROGRAM, WHICH HAS DETAILED A PLAN TO DISTRIBUTE FOOD PURCHASED WITH OUR CONTRIBUTION TO FARMING FAMILIES IN NORTH KOREA, WHOSE CROPS AND HOMES WERE DESTROYED BY SEVERE FLOODING LAST SUMMER AND WHO HAVE NO ACCESS TO THE PUBLIC FOOD DISTRIBUTION SYSTEM. THE WFP OFFICE IN PYONGYANG, IN COOPERATION WITH OTHER RELIEF AGENCIES IN NORTH KOREA WILL OVERSEE THE ACTUAL DISTRIBUTION OF RELIEF GOODS. WFP WILL PROVIDE AID WITH WRITTEN CONFIRMATION OF HOW THE DONATION WAS UTILIZED.

Q: Why are we granting this additional assistance?

A: -- WE ARE PROVIDING THIS HUMANITARIAN ASSISTANCE BECAUSE THE WORLD FOOD PROGRAM, AS WELL AS OTHER INTERNATIONAL ORGANIZATIONS OPERATING IN NORTH KOREA HAVE VERIFIED THAT A SERIOUS HUMANITARIAN CRISIS EXISTS. IN ADDITION, THIS DISASTER ASSISTANCE IS POSSIBLE BECAUSE NORTH KOREA

CONTINUES TO ALLOW THESE GROUPS UNPRECEDENTED ACCESS TO AFFECTED AREAS AND POPULATIONS. NORTH KOREA HAS BEEN COOPERATING WITH THE RELIEF TEAMS TO VERIFY THE DISASTER REQUIREMENTS AND MONITOR THE DISTRIBUTION OF DISASTER ASSISTANCE.

-- WE PROVIDE DISASTER ASSISTANCE REGULARLY AROUND THE WORLD AS IT IS NEEDED. WE UNDERSTAND THAT THE NEED IN NORTH KOREA REMAINS CRITICAL AND LARGELY HAS BEEN UNFULFILLED BY THE INTERNATIONAL COMMUNITY. RESPONSE TO THE UN APPEAL FOR \$20 MILLION HAS ONLY BEEN AROUND \$5 MILLION, AND THE RESPONSE TO WFP'S \$8.8 MILLION CALL HAS BROUGHT IN ONLY \$1.8 MILLION. WE UNDERSTAND THAT APPEALS BY THE INTERNATIONAL RED CROSS AND OTHER NGOS REMAIN UNDERFUNDED.

Q: What happened to the original \$225,000?

A: -- THE \$225,000 IN DISASTER ASSISTANCE GRANTED BY THE U.S. TO UNICEF IN FALL 1995 WENT FOR THE PURCHASE OF MEDICAL SUPPLIES AND FOOD SUPPLEMENTS FOR CHILDREN. WE ARE RECEIVING INFORMATION FROM UNICEF ON ITS DELIVERY OF THESE SUPPLIES.

Q: What about reports that the Government of North Korea exaggerated the extent of the damage?

A: -- IN GRANTING DISASTER ASSISTANCE, THE U.S. GOVERNMENT DID NOT RELY ON THE NORTH KOREAN GOVERNMENT'S ASSESSMENT OF THE DISASTER, BUT ON THE WFP/FAO FOOD SURVEY CONDUCTED IN DECEMBER 1995 AND THE ASSESSMENTS OF OTHER NGO GROUPS IN NORTH KOREA. THE WFP MAINTAINS AN OFFICE IN NORTH KOREA AND WORKS CLOSELY WITH THE OTHER INTERNATIONAL AGENCIES AND NGOS TO MONITOR THE FOOD SITUATION.

Q: What is the source of these funds? Did the USG fund this donation from the PL-480 Title II emergency feeding program?

A: -- AS WITH PREVIOUS DONATIONS TO UNICEF, THIS ADDITIONAL ASSISTANCE TO WFP WAS FUNDED FROM AID'S INTERNATIONAL DISASTER ASSISTANCE ACCOUNT.

Q: What is the legal basis for the U.S. provision of aid to North Korea? What about the embargo/terrorist list/prohibitions on aid to communist countries?

A: -- THE GUIDELINES FOR FOREIGN DISASTER ASSISTANCE AND OTHER GOVERNMENT REGULATIONS (II FAM 060) AUTHORIZE AN AMBASSADOR, OR IN COUNTRIES WITHOUT DIPLOMATIC RELATIONS, A REGIONAL DEPUTY ASSISTANT SECRETARY TO DECLARE THE EXISTENCE OF A DISASTER SITUATION.

-- SECTION 491 OF THE FOREIGN ASSISTANCE ACT AUTHORIZES USAID TO PROVIDE DISASTER ASSISTANCE "NOT WITHSTANDING ANY PROVISION OF THIS OR ANY OTHER ACT" AND THEREFORE, THERE WERE NO LEGAL IMPEDIMENTS TO THE U.S. RESPONSE TO THE DISASTER.

Q: Are other countries responding? What are they doing?

A: -- WE KNOW THAT AUSTRALIA, SWITZERLAND, DENMARK, NORWAY AND FINLAND HAVE RESPONDED TO THE WFP APPEAL (see table below)

Governmental Contributions to the WFP Appeal for North Korea
(as of January 19, 1996)

Australia	\$376 thousand
Switzerland	\$850 thousand
Denmark	\$518 thousand (two tranches of \$318 and \$200 thousand)
Norway	\$116 thousand
Finland	\$ 23 thousand

Total	\$1.883 million

Q: Do we know of any private assistance? Is private assistance legal?

A: -- WE UNDERSTAND THAT SEVERAL AMERICAN NGOS ARE CONSIDERING PROVIDING RELIEF ASSISTANCE THROUGH THE U.N.'S DEPARTMENT OF HUMANITARIAN AFFAIRS, THE WFP AND OTHER GROUPS. PRIVATE ASSISTANCE BY AMERICAN NGOS FOR HUMANITARIAN RELATED SHIPMENTS IS LEGAL PROVIDED THE PROPER LICENSES ARE ACQUIRED.

Q: Have you consulted with the ROK?

A: -- WE HAVE KEPT THE SOUTH KOREAN GOVERNMENT INFORMED OF OUR PLAN TO PROVIDE THIS ASSISTANCE.

Q: Do we know of any private assistance? Is private assistance legal?

A: -- WE UNDERSTAND THAT SEVERAL AMERICAN NGOS ARE PROVIDING RELIEF ASSISTANCE THROUGH THE UN'S DEPARTMENT OF HUMANITARIAN AFFAIRS, THE WFP AND OTHER GROUPS. PRIVATE ASSISTANCE BY AMERICAN NGOS FOR HUMANITARIAN RELATED SHIPMENTS IS LEGAL PROVIDED THE PROPER LICENSES ARE OBTAINED.

Q: Have you consulted with the ROK?

A: -- WE HAVE KEPT THE SOUTH KOREAN GOVERNMENT INFORMED OF OUR PLAN TO PROVIDE THIS ASSISTANCE. I WOULD REFER YOU TO THE OFFICIAL ROK SPOKESPERSON FOR THEIR GOVERNMENT'S VIEW.

Q: The Korean press has noted ROK opposition to further U.S. aid to North Korea. Does this move signify a "rift" in the alliance?

A: --NO, IN MAKING THE DECISION TO PROVIDE MORE HUMANITARIAN

WE BELIEVE THE ROK UNDERSTANDS THIS.

Davis, William K.

From: Danvers, William C.
To: @UP - APNSA Special Assistants; @NSA - Nat'l Security Advisor; Soderberg, Nancy E.
Cc: /R, Record at A1; Fuerth, Leon S.; Wise, William M.; @LEGISLAT-Legislative Affairs
Subject: Legislative Update [UNCLASSIFIED]
Date: Monday, January 29, 1996 7:37PM

Note for Tony, Sandy and Nancy:

BOSNIA: SFRC staff briefing today on political and military implementation today went well, some skepticism about reconstruction efforts-- ie, they want more detail before signing on to a transfer of funds from 050 to 150;

- Agency will brief Sen. Levin tomorrow on Bosnia war crimes;
- Kosovo briefings tomorrow for interested Senate staff and Rep. Engel;
- Equip and train briefing tomorrow for House approps staff;
- Hamilton and other HIRC members equip and train briefing on Wed;
- SASC members briefing on Wed.; and
- Shattuck will testify on Thursday (not Tues as mentioned last Fri.)

HAITI: State is preparing for Dobbins and Gelbard testimony before House Judiciary Ct. Want to coordinate with us on Qs and As. Want to know status of our reply to Gilman letter so their answer to questions will be in sync with ours. Perry from FBI and Waxman from DoJ will also testify.

KOREA FOOD AID: SFRC/HIRC staff briefing today. Briefing very rough. Staff questions need for aid, complained that we have sold Agreed Framework on basis that we would get improved relations and we haven't. If we decide to get this, could be tough but not impossible.

DOD AUTH and HIV: We're talking with Nunn's office as to what possible legislative alternatives we have available to fix this problem.

DOD APPROPS: Senators Levin, Exon, Bumpers, Dorgan Glenn and Bingaman sent a letter to the President asking him to hold the line on increased defense spending. Sent copy over earlier this evening.

FOREIGN OPS: May be a technical problem with non-money language in bill passed by Congress. Problem is being worked out.

SYRIA and NARCOTICS: Agency will brief SFRC tomorrow.

BURUNDI: Krueger and AF DAS Bushnell will brief SFRC staff tomorrow.

CWC: Meeting with Council for a Liveable World tomorrow. State intends to send a letter to Helms saying that Chris, Perry and Shali will be happy to testify before Ct on CWC.

ZONA ROSA: Working with DOD, CIA, State, and DOJ to work out Sen Shelby's concerns. Am asking agencies to get responses Shelby's letter to him soon. Possible briefing to Shelby would follow and then have DOD talk to the family of Shelby's constituents.

IRAN SANCTIONS BILL: State H is setting up a meeting with HIRC staff for next Monday to discuss their bill. We will attend along with Bob Kyle.

GPS PDD ROLLOUT: Working with Jim Seaton and OSTP for the PDD Rollout strategy. Currently, Rollout is slated for late Feb. We'll notify interested Committees and Members on Hill, and offer briefs after POTUS announces.

RUSSIAN GUNS: We are working with WH LA to orchestrate making calls tomorrow.

United States Senate

WASHINGTON, DC 20510-1302

January 22, 1996

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I am writing about the imminent food crisis in North Korea, and asking for your leadership in securing food assistance from the United States to help prevent famine among the people of that country.

Extensive flooding in North Korea last summer caused severe damage to agriculture and infrastructure, and left some 500,000 people homeless. Food stocks were already in short supply, due to declining harvests in recent years, loss of available arable land, and failed government agricultural policies.

The World Food Program (WFP) -- the only international aid agency with people on the ground in North Korea -- estimates that 2.1 million children and a half a million pregnant and nursing women risk starvation. WFP calculates a shortfall of grain of about 1.2 million tons.

In response, the WFP crafted an appeal of \$8.8 million for some 21,000 tons of rice and vegetable oil for the most vulnerable persons. Unfortunately, the international response has been slow, with only \$1.5 million received to date. The U.S. contribution of \$225,000 to UNICEF for medicine and feeding supplements for North Koreans -- which was separate from the U.N. request -- is helpful but is far short of what is needed and what we can provide.

The U.S. has a responsibility to respond to this emergency. Famine in North Korea could pose a threat to the security of the entire region. The situation on the Korean peninsula is already delicate, and the potential of famine could heighten instability. Already there is speculation that internal dissent could pressure the North Korean military into aggressive actions, for domestic or external purposes. U.S. assistance, as a gesture of goodwill, could also improve the atmosphere for North-South dialogue and cooperation on security issues.

Most of all, the U.S. should respond because we are a world

96 JAN 25 4:58

NSE

leader, the wealthiest nation in the world, and a country that has always acted to help alleviate human suffering around the world. We have traditionally provided aid to peoples in need, no matter what kind of government was in place. In the 1980s, the U.S. shipped food to Ethiopia in the midst of its famine, despite its then-Marxist government, and aided Armenian earthquake victims, even though Armenia was still part of the USSR. The people of North Korea, who must already suffer under a repressive, totalitarian regime, should be treated no differently.

Concerns have been raised about distribution, and whether aid can be channeled to those in need and not diverted to the military. WFP personnel in North Korea have been impressed with the cooperation of North Korean government officials, and are confident that their previous shipments of aid got to where they were intended. WFP personnel continue to monitor the situation on the ground, and will help assure that future shipments are distributed properly.

I visited North Korea a year ago, and know the seriousness of the issues in dispute between the U.S. and the North Korean government. Some may be inclined to condition assistance on progress on those issues, but when people are on the verge of starvation, such linkage is irresponsible. The humanitarian reason for providing food assistance is reason enough. Again, I appeal to your leadership in helping prevent famine in North Korea.

Cordially,

A handwritten signature in black ink, appearing to read "Paul Simon", with a long horizontal flourish extending to the right.

Paul Simon
U.S. Senate

THE WHITE HOUSE
WASHINGTON

January 25, 1996

MEMORANDUM FOR ANDREW SENS
NSC Executive Secretariat

FROM: SUSAN BROPHY 

SUBJECT: Presidential Correspondence

Attached are copies of letters sent to the President from various members of Congress. Since these letters address national security issues, we would appreciate your assistance in drafting a response.

Thank you very much for your assistance. If you have any questions, please feel free to call Jocelyn Jolley at x7500.

The following is a brief description of these letters:

- 1) Rep. Martin Meehan (D-MA), concerning Lori Berenson, a U.S. Citizen in Peru;
- 2) Rep. Sam Johnson (R-TX), Rep. Ileana Ros-Lehtinen (R-FL), and 43 others, concerning the United Nations contemplation of imposing taxes on the American people; and
- 3) Sen. Paul Simon (D-Ill.), concerning the imminent food crisis in North Korea.

Attachments

TO: PRESIDENT

JB WKD

FROM: SIMON, PAUL

DOC DATE: 22 JAN 96
SOURCE REF:

KEYWORDS: KOREA NORTH
FOOD

CO

PERSONS:

SUBJECT: LTR TO PRES FM SEN SIMON RE IMMINENT FOOD CRISIS IN NORTH KOREA

ACTION: PREPARE MEMO FOR LAKE

DUE DATE: 30 JAN 96 STATUS: S

STAFF OFFICER: KRISTOFF

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION
KRISTOFF

FOR CONCURRENCE
DANVERS
FAIRFAX
KYLE
LITWAK
PONEMAN

FOR INFO
APPEL
BEERS
SENS
WALES

*Chris, please
add Clarke (i.e. Eric Schwartz)
for concurrence
Will*

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSGP

CLOSED BY:

DOC 1 OF 1

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002a. paper	re CPL Breakfast (2 pages)	01/23/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
William Davis (Legislative Affairs)
OA/Box Number: 959

FOLDER TITLE:

North Korea/South Korea [3]

2009-0528-F
kc1455

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002b. email	William Davis to Peter Bass re Congressional Strategy (1 page)	01/23/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
William Davis (Legislative Affairs)
OA/Box Number: 959

FOLDER TITLE:

North Korea/South Korea [3]

2009-0528-F
kc1455

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002c. email	Peter Bass to William Danvers et al re Package 0091 (1 page)	01/22/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
William Davis (Legislative Affairs)
OA/Box Number: 959

FOLDER TITLE:

North Korea/South Korea [3]

2009-0528-F
kc1455

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002d. draft	memo, action, Eric Schwartz to Anthony Lake re Food Aid (4 pages)	01/18/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
William Davis (Legislative Affairs)
OA/Box Number: 959

FOLDER TITLE:

North Korea/South Korea [3]

2009-0528-F
kc1455

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002e. email	William Davis to Kelly Letts et al re Package for Concurrence (1 page)	01/17/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
William Davis (Legislative Affairs)
OA/Box Number: 959

FOLDER TITLE:

North Korea/South Korea [3]

2009-0528-F
kc1455

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002f. draft	memo, action, Eric Schwartz to Anthony Lake re Food Aid [duplicate of 002d w edits] (3 pages)	01/16/1996	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
William Davis (Legislative Affairs)
OA/Box Number: 959

FOLDER TITLE:

North Korea/South Korea [3]

2009-0528-F
kc1455

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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