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SPECIAL REPORT

1200 17th Street NW, Suite 200 • Washington, DC 20036-3011 • VOX 202.457.1700 • FAX 202.429.6063

ABOUT THE REPORT

This report analyzes the North Korean food crisis, which began in 1994 and evolved into a major famine with high death rates. The report considers the causes of the famine, the central government's response to it, and the popular reaction to the government's inability to stem the steady collapse of the old system, as well as the convulsive effects of the famine on North Korean society, political system, and military. The international humanitarian aid response to the famine has had the unintended affect of weakening the central government's control over the society and has stimulated irrevocable changes in the economy.

The report argues that much of the regime's external behavior is driven by the famine and considers the implications of the famine for the future of the country.

Andrew Natsios wrote this report while in residence as a senior fellow at the U.S. Institute of Peace in 1998-99. He is currently Secretary of Administration and Finance for the Commonwealth of Massachusetts. From 1989-93, he served in the Bush Administration as Assistant Administrator of U.S. Agency for International Development's (USAID) Bureau of Food and Humanitarian Assistance. He is the author of the book, *American Foreign Policy and the Four Horsemen of the Apocalypse: Humanitarian Relief in Complex Emergencies* and of numerous articles concerning complex emergencies and foreign policy.

The views expressed in this report do not necessarily reflect those of the United States Institute of Peace, which does not advocate specific policies.

August 2, 1999

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2	Introduction
3	Causes of the Crisis
9	Consequences of the Famine
12	Conclusions and Recommendations
14	Timeline
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Andrew Natsios

The Politics of Famine in North Korea

Briefly...

- Because of the withdrawal of USSR and Chinese food subsidies in the early 1990s and the cumulative effect of collective farming, food availability in North Korea declined steadily and then plummeted between 1995 and 1997 when flooding followed by drought struck the country.
- From 1994 to 1998, 2-3 million people died of starvation and hunger-related illnesses, and the famine has generated a range of social and political effects.
- Beginning in 1994, the central authorities appear to have triaged the northeast region of the country by shutting down the public distribution system. In 1996, they appear to have begun selective food distributions to people in the capital city, workers in critical industries, and party cadres, leaving the rest of the population to fend for itself in the private markets.
- Refugees report that the famine has undermined popular support for the current political leadership. In 1995, a planned coup by military officers was uncovered by secret police in Hamhung, the city most devastated by the famine. Public anger is more typically reflected in growing corruption, black market activities, and other anti-system behavior.
- International food aid has stimulated private markets, reduced the price of food in the markets 25-35 percent, and undermined central government propaganda concerning South Korea and the United States.
- Those who have died or suffered most during the famine have been those unable to adjust to the economic reality of these new markets either by growing their own food or by producing some other marketable product, labor, or service to exchange for food.
- Reduced purchases of Chinese maize in 1999 will force higher prices in the private markets. Given the fragility of the private food system, and absent international aid, this situation may plunge the mountainous regions of the country into a new round of famine-related deaths.

WORLD VISION - NORTH KOREA PROGRAM

SUMMARY OF PLANS, 1999-2001

Introduction

The government of the Democratic People's Republic of Korea (DPRK, or North Korea) first issued an appeal for international assistance in September 1995. Though the appeal was triggered by unprecedented flooding experienced that year, we now know that a disaster was building for several years. Food production, which had begun a slow decline in the late 1980s, plunged to one-third former levels beginning in 1995 due to several factors: (1) lack of farming inputs (fertilizer, pesticides, fuel etc.) essential to production; (2) shutdown of industries that once produced these inputs due to lack of oil and raw materials; (3) three years of destructive weather patterns; (4) poor farming practices due to over-centralized economic and management systems. A general economic collapse has been brought about by an aging industrial sector severed from its former socialist trade and aid partners in the early 1990s. Little foreign exchange is generated with which to purchase food, inputs, medicines and other critical needs.

With the collapse of local food production and lacking foreign exchange to purchase food, North Korea faced famine conditions. The country was forced to appeal for humanitarian aid and to begin a slow process of opening its doors to outside aid providers. For the first time, the world saw the faces of the starving children and burdened women of North Korea. The World Vision Partnership, with World Vision Korea in the lead, responded generously.

World Vision's Response, 1995-1998

Shipments of food, medicine and clothing from several World Vision offices began to flow to North Korea in late 1995. In late 1996 the first noodle factory opened and distribution of noodles to children began. In FY 1998, a DPRK Program Office was established and recovery as well as relief projects were initiated. Five more noodle factories were added to the Food for Life Project at sites around the country. Emergency food deliveries were made to Hamhung City monitored by WV staff. A food security project was started on four cooperative farms. And, relief goods were targeted to provincial children's centers. All of these activities were directly monitored by WV staff.

From FY 1996 through FY 1998, World Vision sent relief supplies and production inputs worth over \$9 million to North Korea. Over \$4 million of that aid was delivered in FY 1998 alone. The World Vision - DPRK Program Annual Report for FY 1998 provides a summary of the work done last year and financial details.

In early 1998, WV confirmed its response to the complex human emergency in North Korea as one of engagement in order to reach the people with emergency and longer term assistance. We

committed ourselves to maximum accountability under the operational constraints in North Korea. As reflected above, in the last 12 months important progress has been made both in operations and accountability. We have begun to cluster the projects in selected parts of the country for better monitoring and broader impact. These clusters can form the basis for an area development approach as the situation evolves. Meanwhile, a major objective was achieved when a WV Liaison Officer took up his post in Pyongyang in late October giving WV increased in-country capacity and visibility. Also, close coordination with UN agencies (WFP and UNDP especially) has given WV important support and credibility for its programs. Finally, the working relationship with our DPRK partner committee has been strengthened through almost continual interaction and cooperation throughout the past year.

WV has the largest and most diverse NGO program in North Korea. Now we are in a strong position to continue and gradually expand the North Korea ministry, looking toward a long-term presence in the country.

Continuing Urgent Need

We know that many, many children, elderly, women and men have died in North Korea because of famine conditions. We do not know the exact number, but independent observers have estimated from one to three million have succumbed due to weakness and disease as much as to direct starvation. WV staff have seen the severely malnourished babies, the thin and weak women collapsed on the roadside, and we have observed the many grave sites and the very few elderly on the streets. In 1998, for the first time, some reliable numbers were obtained for describing the continuing problem. A scientific nutritional survey of young children conducted by UNICEF, WFP and the EU, revealed that 60% of children under 7 years old are malnourished, with 16% of them acutely malnourished. 30% of toddlers 12 to 24 months old are acutely malnourished. Up to 65% of all children are stunted in their growth indicating long-term food deficiency. This means that North Korea, until recently a somewhat advanced country, now ranks among the top four or five countries in the world in terms of malnutrition. Furthermore, this is the condition of children who have been the main beneficiaries of international food aid for several years.

The underlying causes of this catastrophe have not been removed, so the threat of many more deaths this year and in the future remains. The international community has fed most of the young children in the country and some adults for the last three years. If this aid stops or slows many children will die. Therefore, there are continuing needs on several levels:

- 1) Immediate food and medical aid to save lives and prevent long-term damage to children.
- 2) Support for agricultural recovery and adjustment so that minimum food requirements can be met from sustainable domestic food production.
- 3) Rehabilitation of the industrial sector and increased trade with the rest of the world so that North Korea can eventually buy additional food and farm inputs on the world market.

World Vision cannot do very much about the third problem, but we plan to be among the largest NGO programs addressing problems of food, children's health and agricultural recovery in North Korea.

Program Plans

The attached table shows budgets by project for FY 1999 and projected budgets for FY 2000 and 2001. From a spending level of approximately \$4.5 million in FY 1998, these figures indicate a steady increase to \$5.2 million in FY 1999, \$5.8 million in FY 2000 and \$6.7 million in FY 2001. These figures are indicative of World Vision's long-term commitment to the people of North Korea.

Food for Life (Noodle) Project (KRN-21-171513)

FY 1999 (Budget: \$1,200,000): WV will continue support to six noodle factories, including supplying flour as well as spare parts to maintain the machinery. We will focus on the children who are eating the noodles, monitoring their condition as much as possible. Before the end of the fiscal year an evaluation will be conducted as a basis for expansion of the project.

FY 2000 (Budget: \$2,500,000) and FY 2001 (Budget: \$3,000,000): With a positive evaluation, three more noodle factories will be added in 2000 and another three in 2001, bringing the total at the end of 2001 to 12 factories serving approximately 120,000 children. The budgets allow continuing supply of flour, maintenance and replacement of some of the machines for existing factories, as well as set-up of new sites.

Emergency Food Aid Project (KRN-21-172296)

FY 1999 (Budget: \$831,411): In FY 1998 WV shipped 4,000 metric tons of cereals and pulses to families with children (7-17 years old) and elderly members in Hamhung City on the northeast coast. Plans for FY 1999 call for continuing shipments to the same beneficiaries as funds are identified. 1,300 tons of wheat will be delivered in late January, funded by WV-Hong Kong at a cost of about \$331,400. After this shipment a further assessment of need and level of accountability will be made before deciding whether or not to ship more food. The additional budget would fund one more shipment of approximately 2,000 metric tons.

FY 2000 and 2001: No projections have been made for direct food aid in these years, since some recovery of domestic food production is assumed. However, the situation will be monitored carefully and plans for shipping additional food commodities drawn up if the situation warrants.

Agriculture Recovery Project (KRN-21-172138)

FY 1999 (Budget: \$2,000,000): Building on the successful start in 1998, WV will expand this project in size and scope. Two additional cooperative farms (located in the northeast) will be added, while one of the four assisted in 1998 (near Pyongyang) will be phased out. The total population served on the six farms will be 25,537 with a farming area of 8,336 hectares. Assistance will include not only critical production inputs (fertilizer, farm chemicals, tires, plastic), but also projects aimed at developing new food sources and solving some of the underlying problems. These include testing new seed varieties, introducing farming practices that use fertilizer more efficiently, livestock improvement, simple greenhouse technology for use on private plots, as well as local training for farm leaders and international training for national-level agricultural scientists.

FY 2000 (Budget: \$2,000,000) and FY 2001 (Budget: \$2,500,000): WV will continue to assist the six cooperative farms, expanding the livestock and greenhouse projects which directly involve individual families. Particular attention will be given to ensuring that children on the farms benefit from the project. A detailed plan and budget has been drafted for FY 2001. In 2002, building on three years of work with the farms, WV will initiate a multi-sectoral approach, including child-survival and environmental protection projects with greater participation by individual households. If the political environment allows, some of these farms could become the focus of adapted area development programs.

Oilseed Development Project (KRN-21-172150)

FY 1999 (Budget: \$150,000): Food aid to North Korea has been mainly in the form of grains. Yet, a shortage of edible oil has been one cause of nutritional problems. This project, developed with the DPRK Academy of Agricultural Sciences (KAAS), aims to rapidly increase the local production of edible oil. The project will evaluate different varieties of canola and sunflower from around the world for agro-climatic adaptation, yield and oil quality. WV will also supply a modest amount of laboratory equipment for extracting and analyzing the oil and will arrange training inside and outside the country. After testing and selection, selected seeds will be used in field demonstrations on cooperative farms and then multiplied for wide distribution across the country. Exploration took place in FY 1998. Full implementation will begin in 1999 with shipments of seeds and some laboratory equipment, as well as field trials and training of DPRK scientists.

FY 2000 (Budget: \$200,000): The remainder of the laboratory equipment will be supplied to allow analysis of oil quality. Promising varieties will be distributed on cooperative farms assisted by WV, as well as other farms, with necessary training and follow-up. A final project evaluation will be conducted.

Hydroponics Project

FY 1999 (Budget: \$250,000): This project will introduce new technology aimed at increasing production of vegetables year-round using little land area. WV agreed to provide materials and training for constructing a demonstration greenhouse and for initiating vegetable production. Materials for the greenhouse and related equipment were delivered in October; consultants from Australia visited the DPRK to advise on site selection and construction. A five-person DPRK team traveled to Australia for training in December. There will be one full cycle of production in 1999.

FY 2000 (Budget: \$270,000) and FY 2001 (Budget: \$100,000): In FY 2000 two more production cycles in the first greenhouse will be completed and the results evaluated. With a positive assessment, a second greenhouse in a new location will be constructed and production begun. In FY 2001, the first full year of production in the second greenhouse will be completed and a full project evaluation conducted. Results will be widely shared.

Child Health and Welfare Project (New Initiative)

FY 1999 (Budget: \$200,000): For several years WV has provided material assistance to provincial children's centers, but a full intervention has not been possible. In May 1999 a World Vision child survival team will visit North Korea to review the prospects for a WV child-focused program, and develop a proposal if warranted. The focus will be on orphans and homeless children residing in children's centers (to age 4), boarding kindergartens (age 5-6) and boarding primary and secondary schools (up to age 17) in selected provinces, most likely South Pyongan, Kangwon, and South Hamgyong. Assistance to pediatric hospitals and wards will also be considered. Start-up of the approved project will begin late in FY 1999.

FY 2000 (Budget: \$500,000) and FY 2001 (Budget \$750,000): Full implementation of the project will commence in FY 2000 and further expansion is projected in 2001. There is now hard evidence that a large portion of a whole cohort of children have already been seriously impaired by malnutrition. Their needs will continue for years to come even if the food shortage ends. This project indicates WV's intention, as we are allowed access, to increase direct assistance to these most vulnerable North Korean children in the years to come.

Kaechon Hospital - WV 50th Anniversary Project (New Initiative)

FY 1999 (Budget: \$300,000): Celebrating the 50th anniversary of WV's founding in Korea, WV-DPRK and WV-Korea will cooperate to implement a special child-focused health project in North Korea. WV has been asked to provide basic supplies and equipment to the pediatric ward of the newly constructed Kaechon City Hospital. Kaechon is also the location of a noodle factory and two cooperative farms participating in the agriculture project. WV staff have visited the hospital and consulted with staff about specific needs, ranging from bedding to incubators. A WV health expert will visit the hospital to finalize project design and implementation will be completed within the fiscal year. We will explore appropriate ways to link the project to other observances of the 50th anniversary in Korea and elsewhere.

Why a Major World Vision Program in North Korea?

WV is committed to ministry in North Korea for the long term, for several reasons:

- To express God's compassion for the people of North Korea through our projects of relief and development.
- To open doors and hearts to reconciliation among all Koreans, and between North Korea and the people of other countries.
- To accompany the people of North Korea through the difficult days and years of transition ahead of them, no matter what the future holds.

Attachments

Table 1: WV/DPRK Program for FY1999 through FY2001

Table 2: Funding Commitments Received for FY1999, as of January 1999

[plan99b.doc; January 1999]

TABLE 1: WV DPRK PROGRAM FOR FY1999 THROUGH FY2001

PROJECT NO.	PROJECT NAME	FY1999	FY2000	FY2001	TOTAL
ON-GOING PROJECTS					
KRN-21-171513	FOOD FOR LIFE (NOODLE) PROJECT	1,200,000	2,500,000	3,000,000	6,700,000
KRN-21-172296	EMERGENCY FOOD AID PROJECT	831,411	-	-	831,411
KRN-21-172138	AGRICULTURE RECOVERY PROJECT	2,000,000	2,000,000	2,500,000	6,500,000
KRN-21-172150	OILSEED DEVELOPMENT PROJECT	150,000	200,000	-	350,000
KRN-21-	HYDROPONICS PROJECT	250,000	270,000	100,000	620,000
<i>Sub-total: On-Going Projects</i>		<i>4,431,411</i>	<i>4,970,000</i>	<i>5,600,000</i>	<i>15,001,411</i>
NEW INITIATIVES					
KRN-21-	CHILD HEALTH & WELFARE	200,000	500,000	750,000	1,450,000
KRN-21-	KAECHON HOSPITAL	300,000	-	-	300,000
<i>Sub-total: New-Initiatives</i>		<i>500,000</i>	<i>500,000</i>	<i>750,000</i>	<i>1,750,000</i>
TOTAL: DPRK PROGRAM:		4,931,411	5,470,000	6,350,000	16,751,411
STRATEGIC MANAGEMENT COST:		250,000	300,000	350,000	900,000
GRAND-TOTAL: DPRK PROGRAM PLAN		5,181,411	5,770,000	6,700,000	17,651,411

PVO – USG Meeting on North Korea

When: March 17, 10:00 – 3:00

Where: Catholic Relief Services (5th Floor Board Room)
209 West Fayette Street
Baltimore, MD 21201
Phone – 410-625-2220

Contact persons:

Chris Arthen, North Korea Coordinator (ext. 3425)
George Ropes, Team Leader (ext. 3326)
Loretta Commodari, Administrative Assistant (ext. 3427)

Attendees: United States Government

Leonard Rogers, Deputy Assistant Administrator, BHR
Evans Revere, Director, Office of Korean Affairs, Department of State
Valerie Guinieri, National Security Council
Dave Hagen, Food for Peace Officer, Emergency Relief Division
Susan Thornton, Korean Affairs, Department of State
Tom Torrance, Korean Affairs, Department of State
Kristin Kezar, Korea Desk, Foreign Agricultural Service
Stephanie Fritz, Disaster Response Specialist, OFDA

World Food Program

Thomas Shortley, WFP Liaison Office/Washington, D.C.

Private Voluntary Organizations

Ells Culver, Senior Vice President, Mercy Corps
Ken Dupuy, Director, Amigos Internacionales
Bruce Wilkinson, Vice President, International Programs, World Vision
Frank Carlin, Deputy Executive Director, Overseas Operations, CRS
Michael Wiest, Deputy Executive Director, Public Policy, CRS
Isam Ghanim, Asia Regional Director, CARE
Marge Tsitouris, Director, Emergency Group, CARE
Charlie Danzoll, North Korea Program Officer, CARE
Nancy Lindborg, Senior Program Officer, Mercy Corps/Washington
Lynn Sauls, Program Officer, World Vision
Greg Kearns, Program Officer, World Vision
George Ropes, Team Leader, CRS
Chris Arthen, North Korea Coordinator, CRS

- Agenda:**
- 1) Welcome Remarks (10:00 – 10:15)
Ken Hackett, Executive Director, CRS
 - 2) Review of PVO Consortium interventions/Private initiatives (10:15 – 10:45)
Presenter/Facilitator - Ells Culver
 - 3) Agency-specific concerns regarding
operational context in North Korea (10:45 – 11:45)
Presenter/Facilitator – Frank Carlin
 - 4) Outlook regarding support for continuing food assistance -
USAID, NSC, USDA, Congress (11:45 – 12:15)
Presenter/Facilitator - Len Rogers
- Working lunch following Session #4**
- 5) Future of US – DPRK relations (12:30 – 1:00)
Presenter/Facilitator - State/NSC
 - 6) Assessment on future of bilateral assistance to DPRK (1:00 – 1:30)
Open discussion
 - 7) Future of WFP Assistance (1:30 – 2:00)
Presenter/Facilitator – Thomas Shortley
 - 8) Overarching Goal and Multiple Means (2:00 – 2:30)
Facilitator – Marge Tsitouris
 - 9) Close



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North Korea to Allow U.S. Inspections

By John M. Goshko
Washington Post Staff Writer
Wednesday, March 17, 1999; Page A1

NEW YORK, March 16 – North Korea agreed today to allow U.S. officials to inspect a suspected underground nuclear weapons facility, defusing a growing dispute that threatened to push the United States into a major confrontation with the hard-line communist state.

The agreement, announced after four rounds of talks here over the past three weeks, calls for the first inspection to take place in May. A senior U.S. official said the United States is satisfied it will be able to make as many visits to the site for as long as is necessary to determine what it actually is being used for.

"The agreement we've reached addresses all of our concerns, and it will enable us both to confirm and monitor the current and future use of the suspect site," Secretary of State Madeleine K. Albright added in Washington. She said the United States refused North Korean demands for food aid in return for allowing the inspections.

The site, at Kumchang-ri about 25 miles northwest of Yongbyon, has been an issue of major contention between Washington and Pyongyang since last August, when U.S. satellite photographs showed thousands of workers around an underground facility. Although North Korea denies that it is nuclear-related, Pyongyang until now had rebuffed U.S. demands to see first-hand whether any nuclear activity, or possible development of chemical and biological weapons, was going on there.

That, in turn, led to growing threats from Congress to stop funding the 1994 Agreed Framework that is the basis for the Clinton administration's policy toward North Korea. Under that deal, valued at more than \$5 billion, North Korea agreed to freeze what the United States believed was a nuclear weapons program and replace its



plutonium-producing nuclear reactors with safer light-water reactors and fuel oil provided by the United States.

Despite congressional complaints that North Korea might be using the Kumchang-ri installation to violate the 1994 agreement, the administration avoided the get-tough policy advocated by some Republicans in favor of trying to solve the problem through diplomacy. That appeared to pay off in today's announcement by the agreement's principal negotiators, U.S. Ambassador Charles Kartman and North Korean Vice Foreign Minister Kim Gye Gwan.

In the negotiations, the North Koreans had sought to link their cooperation to large new shipments of American food to help relieve the acute shortages that are causing starvation in many parts of the country. But Albright said, "We did not agree to North Korean demands for 'compensation' in return for access."

However, earlier this month, the United States pledged 500,000 tons of additional foodstuffs in response to a worldwide appeal by the Rome-based United Nations World Food Program. In addition, the joint statement announcing the agreement said, "The United States has decided to take a step to improve political and economic relations between the two countries."

U.S. officials described this as a "modest project" in improved potato growing to be conducted by a private voluntary organization.

"We did repeat to [North Korea] something we've often said publicly: Removal of our suspicions concerning Kumchang-ri would enable us to resume progress in our relationship as outlined in the Agreed Framework," Albright said. "In this regard, we have decided to take a concrete step in the form of a bilateral pilot agricultural project."

The denials of a link to the U.N. food aid failed to dispel sharp criticism from congressional Republicans. Rep. Benjamin A. Gilman (R-N.Y.), chairman of the House International Relations Committee, said he supports the provisions about access, but added, "It appears that we are pouring good U.S. food aid down a North Korean hole. ... This agreement smacks of a 'food for access' deal, which could lead to further provocative actions by the North Koreans to extort future concessions from the United States."

Similar sentiments were expressed by Sen. John McCain (R-Ariz.), a probable presidential candidate who has been an outspoken advocate of taking a tough line with North Korea. He said: "I hope the agreement will help . . . but I fear that it may be the beginning of a pattern of material concessions by the United States in exchange for vaguely worded commitments that the North Koreans have no intention of keeping."

Albright also announced that the United States and North Korea agreed to resume talks in Pyongyang on March 29 about North Korea's missile development program. That has been another area of U.S. concern, especially since last August when North Korea fired a three-stage missile over Japan into the Pacific Ocean.

U.S. intelligence officials suspect that out-of-work scientists from the former Soviet Union are helping the North Koreans develop advanced, long-range missiles that could disrupt the military balance in northern Asia and eventually even pose a threat to the continental United States.

Senior U.S. officials stressed that today's agreement is limited strictly to the Kumchang-ri problem and stands apart from the many other issues between Washington and Pyongyang. Even if another suspect nuclear site were to be detected elsewhere in North Korea, the officials said, its effect on U.S.-North Korean relations would have to be assessed separately and the question of American access dealt with on the particular merits of the new situation.

The officials also noted that the agreement on access to Kumchang-ri is separate from the question of lifting long-standing American sanctions on North Korea. That, the officials noted, involves improvement of North Korea's behavior in such areas as moderating the potentially threatening aspects of its missile program, halting its alleged support of international terrorism and reducing tensions on the Korean peninsula by cutting back its military presence and moving to friendlier relations with neighboring South Korea.

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Wrapup-U.S.-N.Korea Nuclear Deal Averts Crisis

Reuters
 17-MAR-99

SEOUL, March 17 (Reuters) - Call it "potato diplomacy."

An agreement allowing U.S. access to an underground site in North Korea suspected of housing a secret nuclear project in exchange for a potato cultivation project for the famine-struck North has averted a crisis on the Korean peninsula.

Diplomats and analysts also said it may pave the way for a "package solution" aimed at breaking the Cold War stalemate that has existed on the peninsula for nearly a half century.

The U.S. State Department said North Korea and the United States ended two weeks of talks on Tuesday with an agreement to allow the first visit to the suspected site in Kumchang-ri -- near a mothballed Soviet-era nuclear plant in Yongbyon -- in May.

North Korea has denied the site had any nuclear use. It had demanded compensation, including food aid, in return for access.

The United States, which imposes an almost complete embargo on economic and other relations with North Korea, refused. But it is allowing a private "pilot project" to improve potato production.

The potato project would be the first formal North Korean aid mission the United States has allowed since the peninsula was divided into communist North and capitalist south in 1948.

In the 1960s, the United States sent ping-pong teams to China, paving the way for normalising ties, a process that came to be known as "ping-pong diplomacy." It is altogether unclear if the agreement in New York will lead to a similar rapprochement with the secretive and unpredictable North Korea, diplomats said.

A joint U.S.-North Korean statement said: "The United States has decided to take a step to improve political and economic relations between the two

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countries."

The wording indicated North Korea, at least, views the potato project as opening the way for wider ties, diplomats said.

"There's still enormous mistrust on both sides," a Western diplomat in Seoul said. "This is a positive step. But whether it leads to fundamental change, we'll just have to see."

Tensions had been building on the peninsula since last summer when U.S. spy satellite photos showed an underground construction site so vast it raised suspicions it was nuclear-related.

Then last August, Pyongyang test-fired a three-stage ballistic missile that soared over Japan and landed in the Pacific, indicating the North had acquired advanced missile technology.

"The (New York) agreement serves to avoid a crisis at least for the time being," said Noriyuki Suzuki, chief analyst at Tokyo-based Radiopress, which specialises in monitoring North Korean broadcasts. "The situation now goes back to where it was in August (before the launch of the Taepodong missile)."

The next marker on the roadmap to a comprehensive solution being pursued by Washington and Seoul is the resumption of North Korea-U.S. talks on curbing Pyongyang's missile programme.

North Korea, which is believed to be earning hundreds of millions of dollars exporting missiles and their technology to the Middle East, will surely ask for a quid pro quo in these talks. They resume in Pyongyang on March 29.

"It's probably unwise to assume that negotiations take place on any other principle," the Western diplomat said. "It's hard to imagine North Korea saying, 'oh sure, just to be friends, we'll just give up the missiles.'"

A senior U.S. official in New York said the agreement did not specifically address the issue of whether Washington was prepared to lift economic sanctions against North Korea.

Washington has long stated Pyongyang must restrain its missile programmes and reduce tensions on the Korean peninsula before the United States would lift or ease sanctions.

South Korean Foreign Minister Hong Soon-young on Wednesday called for a "comprehensive approach" toward North Korea.

"In dealing with such an unpredictable counterpart, the negotiations on individual issues as they arise, one at a time, have tended to be a drawn-out frustrating process with no end in sight," he told foreign correspondents.

"It would, therefore, be more effective to deal with all the issues in a comprehensive manner and work toward agreements that can be implemented step-by-step."

Japan welcomed the New York agreement, but added that Pyongyang should also defuse other security concerns.

China said it would smooth ties between the two Cold War enemies. "We believe this will help ease tensions on the Korean peninsula and improve ties between North Korea and the United States," the foreign ministry said in a statement.

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Web site: www.catholicroelief.org

3/12/99
Return to me
after you have
ESVP'd. TNY
Dora
March 11, 1999

Eric Schwartz
Senior Director
Multilateral Humanitarian Affairs
National Security Council

Dear Mr. Schwartz,

Catholic Relief Services is pleased to invite you to Baltimore for a discussion on North Korea. The meeting will take place on Wednesday, March 17, 1999 from 10:00 am to 3:00 pm. Appended are:

- 1) List of Invitees
- 2) Agenda
- 3) Directions to CRS from Washington, BWI and Penn Station/Baltimore

We look forward to a stimulating discussion. Kindly note the March 15 RSVP.

Sincerely,

Chris Carlin for

Frank Carlin
Deputy Executive Director
Overseas Operations

UAR
should so-
should
coordination
w/
Jack

3/12/99
ES - your only
conflict is lunch
w/ ~~Amir~~ Quadar
Amirjar * Full mtg is
in Baeto.*
yes
X no

PVO – USG Meeting on North Korea

When: March 17, 10:00 – 3:00

Where: Catholic Relief Services (5th Floor Board Room)
209 West Fayette Street
Baltimore, MD 21201
Phone – 410-625-2220

Contact persons:

Chris Arthen, North Korea Coordinator (ext. 3425)
George Ropes, Team Leader (ext. 3326)
Loretta Commodari, Administrative Assistant (ext. 3427)

Invitees: United States Government

Roy Williams, Director, OFDA
Leonard Rogers, Deputy Assistant Administrator, BHR
Eric Schwartz, Senior Director, Multilateral Humanitarian Affairs, NSC
Mary Chambliss, Deputy Administrator, Exports Credits Division, FAS
Evans Revere, Director, Office of Korean Affairs, Department of State
Dave Hagen, Food for Peace Officer, Emergency Relief Division
Susan Thornton, Korean Affairs, Department of State
Tom Torrance, Korean Affairs, Department of State
Stephanie Fritz, Disaster Response Specialist, OFDA

World Food Program

Joe Scalise, Director, WFP Liaison Office/Washington, D.C.

Private Voluntary Organizations

Ells Culver, Senior Vice President, Mercy Corps
Ken Dupuy, Director, Amigos Internacionales
Bruce Wilkinson, Vice President, International Programs, World Vision
Frank Carlin, Deputy Executive Director, Overseas Operations, CRS
Michael Wiest, Deputy Executive Director, Public Policy, CRS
Isam Ghanim, Asia Regional Director, CARE
Marge Tsitouris, Director, Emergency Group, CARE
Charlie Danzoll, North Korea Program Officer, CARE
Nancy Lindborg, Senior Program Officer, Mercy Corps/Washington
Lynn Sauls, Program Officer, World Vision
George Ropes, Team Leader, CRS
Chris Arthen, North Korea Coordinator, CRS

- Agenda:**
- 1) Welcome Remarks
Chris Arthen
 - 2) Review of PVO Consortium interventions/Private initiatives
Presenter/Facilitator - Ells Culver
 - 3) Agency-specific concerns regarding operational context in North Korea
Presenter/Facilitator – Frank Carlin
 - 4) Future of US – DPRK relations
Presenter/Facilitator - State/NSC
 - 5) Outlook regarding support for continuing food assistance
(USAID, NSC, USDA, Congress)
Presenter/Facilitator - Len Rogers
 - 6) Assessment on future of bilateral assistance to DPRK
Open discussion
 - 7) Future of WFP Assistance
Presenter/Facilitator - WFP
 - 8) Overarching Goal and Multiple Means
Facilitator – Marge Tsitouris
 - 9) Close

(Please note that a buffet lunch will be served.)

Please RSVP by Monday, March 15 to contact person(s) listed above.

Directions to CRS from Washington

Take 95 North approximately 23 miles to Exit 53 (395). 395 is a two-lane exit on right side. Follow 395 as it leads past Ravens Stadium on left. Bear right as approach is made to Camden Yards warehouse (on left). Make a right-hand turn onto Conway Street. Proceed through one traffic light; the second light is Charles Street - make left-hand turn onto Charles Street and continue north to Fayette Street. Make left-hand turn onto Fayette and proceed past the Omni Hotel (left side) and through one traffic light at Liberty Street. CRS will be on left side just after Liberty St. (209 West Fayette). Parking is available at Arrow garage next to the CRS building.

Directions to CRS from BWI

Once outside of the airport, take 295 North (Baltimore-Washington Parkway). It will bring you into downtown Baltimore on Russell Street. Turn right on Pratt Street - get into left-hand lane. Turn left onto Howard Street. Turn right onto Baltimore Street. Turn left onto Park Street. Turn left onto Fayette Street. CRS is located one-half block from Park on the left side (209 West Fayette). Parking is available at the Arrow garage next to the CRS building.

Taxi Directions to CRS from Penn Station/Baltimore

Take St. Paul Street south approximately 15 blocks to Fayette Street. Make a right onto Fayette. Proceed past the Omni Hotel (left side) and through a traffic light at Liberty Street. Continue on Fayette - the CRS office building (209 West Fayette) is located on the left side just after the traffic light on Liberty Street.

EAP PRESS GUIDANCE
March 16, 1999

DPRK: JOINT STATEMENT ON KUMCHANG-NI ACCESS

Context: On February 16, we announced the resumption of bilateral talks with the DPRK on the suspect underground site at Kumchang-ni to commence February 27 in New York. The sides met February 27 to March 15 at the U.S. Mission to the United Nations in New York. U.S. Special Envoy for the Korean Peace Talks, Ambassador Charles Kartman, led the U.S. delegation. The DPRK representatives were headed by Vice Foreign Minister Kim Gye Gwan.

The two sides agreed to a joint statement (attached) which describes the steps the two sides will take to remove fully U.S. concerns regarding Kumchang-ni. The issue of access was satisfactorily resolved with the DPRK agreeing to allow a U.S. team to visit the site in mid-May. The team will pay additional visits to the site in May 2000 and subsequently as the U.S. requests and until U.S. concerns about the site's future use are removed.

No compensation was included in the agreement. As in the past, the U.S. rejected a North Korean effort to link resolution of a bilateral issue with ongoing U.S. humanitarian food assistance policy. The U.S. did agree to take steps to improve political and economic relations with North Korea. Specifically, the U.S. offered to cooperate on a pilot bilateral agricultural program to improve potato production in the DPRK.

Q.: In your public statements, you said you would seek multiple access to resolve the suspicions you had about the underground construction at Kumchang-ni. Did you achieve that goal?

A.: – YES. WE WILL CONDUCT MULTIPLE SITE VISITS TO KUMCHANG-NI. THE INITIAL VISIT WILL BE IN MID-MAY. ADDITIONAL VISITS, STARTING NEXT YEAR, WILL OCCUR AS NEEDED TO ENSURE THAT OUR SUSPICIONS ABOUT THE SITE'S FUTURE USE ARE FULLY REMOVED.

Q. Who will conduct the visits? How will they conduct them?

A. -- WE WILL BE SENDING A U.S. TEAM TO THE SITE. I WON'T GO INTO THE DETAILS OF THEIR ACTIVITIES THERE, BUT THE NORTH KOREANS HAVE AGREED THAT OUR TEAM WILL BE ABLE TO COMPLETE THEM SUCCESSFULLY.

Q. Do you have to negotiate for another visit after May 1999 or after May 2000?

A.: -- NO. WE WILL VISIT THE SITE IN MAY OF THIS YEAR AND AGAIN IN MAY 2000. WE HAVE DPRK AGREEMENT FOR SUBSEQUENT VISITS TO THE SITE WHEN REQUESTED, AS LONG AS OUR SUSPICIONS ABOUT THE SITE REMAIN.

Q What will you do if you find the underground facility is in violation of the Agreed Framework?

A. -- AT PRESENT, WE HAVE NO BASIS TO CONCLUDE THAT NORTH KOREA IS IN VIOLATION OF THE AGREED FRAMEWORK. HOWEVER, WE BELIEVE THAT THE AGREEMENT WE HAVE ACHIEVED IN THESE DISCUSSIONS WILL ENABLE US TO DETERMINE WHETHER OR NOT THIS FACILITY VIOLATES THE FRAMEWORK. THE AGREEMENT WE HAVE JUST CONCLUDED ALSO PROVIDES A MECHANISM BY WHICH WE CAN ENSURE THAT THE KUMCHANG-NI SITE DOES NOT BECOME A NUCLEAR FACILITY. HOWEVER, SINCE WE HAVE NOT VISITED KUMCHANG-NI YET, I DON'T WISH TO SPECULATE AT THIS POINT ABOUT WHAT WE MIGHT

FIND. OBVIOUSLY, IT IS ESSENTIAL THAT EACH SIDE CARRY OUT ITS OBLIGATIONS UNDER THE AGREED FRAMEWORK.

Q.: Does the agreement address other sites? Aren't there similar suspicions about other facilities in North Korea?

A. -- THIS NEGOTIATION WAS NECESSARY BECAUSE NORTH KOREAN ACTIVITIES AT KUMCHANG-NI HAD GENERATED SERIOUS CONCERNS THAT THE DPRK MIGHT BE HEADING TOWARD A VIOLATION OF THE AGREED FRAMEWORK. OUR FOCUS DURING THESE TALKS HAS BEEN ON KUMCHANG-NI BECAUSE THAT IS THE ONE SITE ABOUT WHICH WE HAVE SUCH A LEVEL OF SUSPICIONS. IF WE WERE TO HAVE SIMILAR SUSPICIONS ABOUT ANOTHER SITE, WE WOULD OF COURSE PURSUE THEM WITH THE DPRK.

Q. Have you agreed to any compensation for the DPRK decision to permit access to visit the site?

A.: -- NO.

-- IT HAS BEEN OUR CONSISTENT POSITION THAT ONLY WITH DPRK FULFILLMENT OF ALL ITS OBLIGATIONS UNDER THE AGREED FRAMEWORK IS IMPROVEMENT IN BILATERAL RELATIONS POSSIBLE. AS THE JOINT STATEMENT NOTES, WITH THIS AGREEMENT ON THE MEANS TO REMOVE OUR SUSPICIONS REGARDING KUMCHANG-NI, WE ARE PREPARED TO RESUME THE PROCESS OF IMPROVING OUR

**RELATIONS WITH THE DPRK, AS ENVISIONED IN THE AGREED
FRAMEWORK.**

(IF ASKED ABOUT FOOD AID)

**— WE WILL CONTINUE OUR PRACTICE OF EVALUATING
INTERNATIONAL APPEALS BASED ON THE INDEPENDENT
ASSESSMENTS OF SUCH AGENCIES AS THE WORLD FOOD PROGRAM.
WE HAVE BEEN REVIEWING DPRK NEEDS AND THE CURRENT WFP
APPEAL AND EXPECT TO ANNOUNCE A DECISION SHORTLY.**

**Q. If it is true that you have not agreed to pay compensation for access to
the facility, why did the North Koreans agree to let you have the access you
require?**

**A. — WE WORKED VERY HARD THROUGHOUT THE NEGOTIATIONS TO
ENSURE THE NORTH KOREANS UNDERSTOOD THAT THEY HAD TO TAKE
STEPS TO ADDRESS OUR CONCERNS TO ENSURE THE CONTINUED
VIABILITY OF THE AGREED FRAMEWORK. I BELIEVE , IN THE END, THE
LOGIC OF THIS APPROACH PREVAILED.**

**Q. Are you saying the North Koreans dropped their demand for
compensation? The North Koreans say that the U.S. agreed to provide
them with food and other assistance as compensation.**

**A. -- I CAN ONLY REPEAT THAT THE U.S. DID NOT AGREE TO PAY
FOR ACCESS TO THE SITE. I NOTE, HOWEVER, THAT RESOLUTION OF**

OUR CONCERNS OVER THE UNDERGROUND FACILITY IS A STEP THAT WE SAID WOULD ENABLE US TO RESUME PROGRESS IN OUR RELATIONSHIP, AS OUTLINED IN THE AGREED FRAMEWORK. WE DESCRIBED A BILATERAL PROGRAM AS AN EXAMPLE OF WHAT WE WERE CONSIDERING, AND DISCUSSION OF THAT PROGRAM RESULTED IN AN AGREEMENT TO PROCEED.

Q. Have you agreed or did you notify the North Koreans at these talks that you would provide them with a specific amount of food assistance ?

A. — THE NORTH KOREANS HAVE RAISED THEIR CONCERNS ABOUT FOOD, AS THEY HAVE AT ALL OF OUR MEETINGS. WE EXPLAINED OUR LONG-STANDING POLICY ON HUMANITARIAN FOOD AID, INCLUDING OUR WILLINGNESS TO PROVIDE ADDITIONAL FOOD ASSISTANCE ON A HUMANITARIAN BASIS IN RESPONSE TO NORTH KOREA'S DEMONSTRATED HUMANITARIAN NEED, BUT NOT ON ANY OTHER BASIS.

Q.: But what about reports that you promised 600,000 tons of food to the DPRK this year. Any comment?

A. — AS IN THE PAST, ANY U.S. RESPONSE TO CURRENT OR FUTURE WORLD FOOD PROGRAM APPEALS WOULD BE IN ACCORDANCE WITH OBJECTIVE, CREDIBLE ASSESSMENTS ON NORTH KOREA'S ACTUAL FOOD NEEDS AND WOULD BE AS GENEROUS AS OUR RESOURCES PERMIT. LAST YEAR WE PROVIDED 500,000 TONS OF FOOD AID THROUGH THE WFP TO NORTH KOREA. WE ANTICIPATE PROVIDING

ROUGHLY THE SAME LEVEL OF FOOD THIS YEAR GIVEN NORTH KOREA'S CONTINUING DIRE FOOD SITUATION.

-- LET ME REPEAT, OUR POLICY IS THAT FOOD ASSISTANCE IS CONSIDERED ON A HUMANITARIAN BASIS IN RESPONSE TO NORTH KOREA'S DEMONSTRATED HUMANITARIAN NEED. LAST SEPTEMBER, THE WFP ISSUED AN APPEAL TO WHICH WE RESPONDED WITH 300,000 METRIC TONS OF FOOD. THERE IS, UNDER THIS CURRENT WFP APPEAL, SOME 200,000 METRIC TONS OF UNMET NEED. WE ARE CONTINUING TO EVALUATE A FURTHER RESPONSE TO THIS APPEAL AND WILL ANNOUNCE OUR DECISION AS SOON AS IT IS MADE.

-- WE EXPECT THAT THE WFP WILL ISSUE A NEW APPEAL LATER THIS YEAR, AND WE WILL CONSIDER A NEW RESPONSE AT THAT TIME.

Q. Did you agree to remove any sanctions?

A. -- NO SANCTIONS REMOVAL STEPS WILL BE TAKEN AT THIS TIME. AS WE HAVE SAID IN THE PAST, WE ARE PREPARED TO IMPROVE POLITICAL AND ECONOMIC RELATIONS IN THE CONTEXT OF NORTH KOREA'S IMPLEMENTATION OF THE AGREED FRAMEWORK, AND AS THE NORTH KOREANS ADDRESS OTHER ISSUES OF CONCERN TO US. RESOLUTION OF OUR CONCERNS OVER THE UNDERGROUND FACILITY IS A STEP THAT CAN FACILITATE IMPROVEMENT IN U.S.-DPRK TIES.

SIMILAR STEPS ON OTHER ISSUES OF CONCERN TO THE U.S. WOULD ALSO BE HELPFUL IN THIS REGARD.

-AS WE SAID IN THE JOINT STATEMENT, WE BELIEVE THAT SUCCESSFUL RESOLUTION OF THE KUMCHANG-NI ISSUE WILL CONTRIBUTE TO IMPROVED RELATIONS, AS OUTLINED IN THE AGREED FRAMEWORK. AS A STEP IN THIS DIRECTION, WE WILL BE COOPERATING WITH THE DPRK IN A BILATERAL PILOT AGRICULTURAL PROGRAM IN POTATO PRODUCTION. THE POTATO PROJECT ITSELF DOES NOT REQUIRE A REMOVAL OF SANCTIONS.

Q.: Can you provide details about the steps you will take to improve political and economic relations referred to in the Joint Statement?

A.: - AS I HAVE INDICATED, WE ARE PREPARED TO IMPROVE POLITICAL AND ECONOMIC RELATIONS IN THE CONTEXT OF NORTH KOREA'S IMPLEMENTATION OF THE AGREED FRAMEWORK. RESOLUTION OF OUR CONCERNS OVER THE UNDERGROUND FACILITY IS A STEP THAT CAN FACILITATE IMPROVEMENT IN U.S.-DPRK TIES. TO THAT END, WE WILL BEGIN A PILOT PROGRAM WHICH INVOLVES U.S. SUPPORT FOR AN EFFORT BY U.S. PRIVATE VOLUNTARY ORGANIZATIONS (PVO'S) TO IMPROVE POTATO PRODUCTION IN THE DPRK. AS YOU MAY KNOW, THE DPRK IS SEEKING TO PROMOTE GREATER SELF-SUFFICIENCY IN AGRICULTURAL PRODUCTION. IN CONNECTION WITH THIS EFFORT, THE PVO'S WILL WORK WITH FARMS

IN THE DPRK TO TRY TO IMPROVE POTATO YIELDS AND WILL OVERSEE A FOOD-FOR-WORK PROJECT TO COMPLEMENT THESE EFFORTS. U.S. PVO'S HAVE MANAGED SUCH FOOD-FOR-WORK PROJECTS IN THE PAST WITH FOOD CONTRIBUTED BY THE WFP. AS IN ALL FOOD ASSISTANCE THE U.S. PROVIDES, IT WILL BE MONITORED TO ASSURE IT REACHES THE CIVILIAN POPULATION IT IS INTENDED FOR AND NOT DIVERTED.

-- TO PROVIDE YOU FURTHER DETAILS, WE WILL ARRANGE A BRIEFING BY AN EXPERT ON THE PROJECT AS SOON AS POSSIBLE.

Q.: Isn't the initiation of a bilateral assistance program a significant elevation of our relations with the DPRK? Do you think this agreement merits this elevation?

A: -- WE ARE PREPARED TO IMPROVE POLITICAL AND ECONOMIC RELATIONS IN THE CONTEXT OF NORTH KOREA'S IMPLEMENTATION OF THE AGREED FRAMEWORK AND AS THE NORTH KOREANS ADDRESS OTHER ISSUES OF CONCERN TO US. RESOLUTION OF OUR CONCERNS OVER THE UNDERGROUND FACILITY IS A STEP THAT CAN FACILITATE IMPROVEMENT IN U.S.-DPRK TIES. SUFFICE IT TO SAY WE REGARD THE STEP WE ARE TAKING AS CONSISTENT WITH OUR SATISFACTION WITH THIS AGREEMENT.

**EAP PRESS GUIDANCE
MARCH 12, 1999**

NORTH KOREA - NEW YORK TALKS/FOOD

Q: Did the North Koreans raise their desire for food aid during the talks?

A: - DURING THE TALKS, THE NORTH KOREANS RAISED THEIR FOOD REQUIREMENTS, AS THEY ALWAYS DO DURING OUR NEGOTIATIONS WITH THEM.

-WE RESTATED TO THEM THAT OUR DECISIONS ON HUMANITARIAN ASSISTANCE ARE BASED ON NEED, AS ASSESSED BY THE WORLD FOOD PROGRAM (WFP), OTHER INTERNATIONAL ORGANIZATIONS, AND OUR OWN INFORMATION.

WE TOLD THEM THAT WE ARE CONSIDERING A RESPONSE TO THE CURRENT WFP APPEAL.

Q: Has Perry approved this agreement?

A: -- THIS NEGOTIATION WAS DIRECTED BY THE SECRETARY OF STATE. DR. PERRY WAS KEPT FULLY APPRISED OF OUR TALKS.

Q.: Any developments on the missile talks?

A. -- THERE WAS A MEETING DURING OUR TALKS BETWEEN DEPUTY ASSISTANT SECRETARY ROBERT EINHORN , OUR NEGOTIATOR FOR THE MISSILE TALKS, AND VICE FOREIGN MINISTER KIM GYE GWAN. THEY AGREED THAT THE TALKS WILL RESUME IN PYONGYANG ON MARCH 29.

U.S.-DPRK JOINT PRESS STATEMENT
March 16, 1999

Delegations from the United States and the Democratic People's Republic of Korea met in New York from February 27 through March 15, 1999. The delegations, led respectively by U.S. Special Envoy Charles Kartman and DPRK Vice Foreign Minister Kim Gye Gwan, continued discussions the two sides had held in Pyongyang, Washington, New York, and Geneva since November 1998.

The two sides reaffirmed their commitment to the Agreed Framework of October 21, 1994, in its entirety, as well as to the principles of their bilateral relations expressed in the U.S.-DPRK Joint Statement of June 11, 1993.

The U.S. and the DPRK, believing that successful cooperation to remove U.S. concerns about an underground site at Kumchang-ri will contribute to improved relations between the two countries, agreed as follows:

- The DPRK has decided to provide the United States satisfactory access to the site at Kumchang-ri by inviting a U.S. delegation for an initial visit in May, 1999, and allowing additional visits to remove U.S. concerns about the site's future use.
- The U.S. has decided to take a step to improve political and economic relations between the two countries.

Please
pass
to
Valerie

U.S. DEPARTMENT OF STATE
Office of the Spokesman

For Immediate Release

March 16, 1999

STATEMENT BY SECRETARY OF STATE MADELEINE K. ALBRIGHT

I'm pleased to be able to tell you that we've just reached an agreement in New York with the North Koreans on access to the suspect underground site at Kumchang-ni. This agreement comes after four rounds of intensive talks between Ambassador Kartman and North Korean Vice Foreign Minister Kim Gye Gwan.

The agreement we've reached addresses all of our concerns, and it will enable us both to confirm and monitor the current and future use of the suspect site. Specifically:

- The North Koreans have agreed to multiple site visits by a U.S. team to the underground site at Kumchang-ni.
- The first visit will be in May 1999, with follow-up visits continuing as long as our concerns about the site remain.
- During each visit, the U.S. team will have access to the entire site.

In the negotiations, we did not agree to North Korean demands for "compensation" in return for access.

We did repeat to the DPRK something we've often said publicly: removal of our suspicions concerning Kumchang-ni would enable us to resume progress in our relationship as outlined in the Agreed Framework. In this regard, we have decided to take a concrete step in the form of a bilateral pilot agricultural project.

The United States is prepared to resume moving in the direction envisioned in the Agreed Framework, and we hope the DPRK will take the requisite actions that will enable us to do so.

Finally, I'm also able to announce that we have agreed with the DPRK to resume missile talks on March 29 in Pyongyang.

**The Stanley Foundation**

27-2
AR Newark
7:30 pm - 8:45
con 703

January 14, 1999

Mr. Richard Ragan
Director for Multilateral and
Humanitarian Affairs
National Security Council
Old Executive Office Building, Room 365
Washington, DC 20504

con 325
LU 6.45 8:33

5 pages by fax

Dear Mr. Ragan:

You are invited to be our guest at a conference on "Engagement With North Korea: Pipe Dream or Practical Reality?" to be held January 26, 1999, at the University Club, One West 54th Street, New York, sponsored by the Korea Society.

The Korea Society, a private nonprofit organization, is dedicated to the promotion of greater awareness, understanding, and cooperation between the United States and Korea. The society arranges timely, informative, and creative programs in the areas of business, education, public policy, intercultural relations, and the arts. The Stanley Foundation, a nonpartisan private operating foundation, pursues its mission to provoke thought and encourage dialogue on international relations and world affairs through a variety of programs.

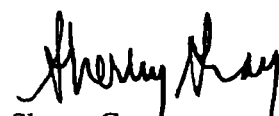
As part of a foundation project to promote peaceful solutions to international conflicts and disputes, we have chosen to focus on a particular set of countries currently in conflict with the United States, including North Korea (DPRK). In October, we convened a conference at Airlie Center with US government, UN officials, scholars, journalists, and representatives of nongovernment organizations to discuss the problems and possible solutions to the current US-DPRK relationship. As a follow-up to the conference at Airlie, Ambassador Donald P. Gregg, chairman of the Korea Society, has organized the January 26 meeting.

I have enclosed the agenda for this meeting along with a response form and invitation list. As a guest of the foundation, we will reimburse your plane or train ticket from the Washington, DC, area and ground transportation. Please take advantage of the lowest available fare. If possible, please make your travel arrangements directly with our travel agent, Susan McCoy at Meacham Travel. Her telephone number is 1-800-727-1199; fax 319-351-3340.

> Sue or Sandy

I hope that you will be able to attend this important meeting. We look forward to hearing from you.

Sincerely,


Sherry Gray
Program Officer

209 IOWA AVENUE, MUSCATINE, IA 52761 USA

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RR. Document will be reviewed upon request.

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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

[001]

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*Cash Advance Limit is a portion of your Total Credit Line
** Available Cash Line is a portion of your Available Credit Line

CARDHOLDER SIGNATURE

SUPERVISOR SIGNATURE



Turner General

① our timelines are short; means too long

②

And goes to military

③ ~~DPRK~~ clarity is the only option?

NOT for DPRK

Food is a stick (bigger horse) as much as a carrot - what other carrots do we have.

Prof Chung - 12 man

Sunshine Policy

transparency, all encompassing engagement policy

reduce incremental + voluntary

patient pursuit of reunification + cooperation

① non tolerance of military aggression

② give up an idea of infiltrating / cracking DPRK

③ revive old agreement of cooperation

Non-
reciprocity
2

- strategic offensive
- non-linkage reciprocity
- specific reciprocity
(mil aggression met w mil aggression
NOT econ. sanctions)

Implementation - conf. bldg.

1. imp. all principles of basic agreement
2. separation of poc + econ
3. ~~economic~~ reunion of separated families
4. ~~some sort of confidence building~~

Imp. of KEDO (?) **KEDO**

5. Enhance DPRK's status
one-sided love

Kingdom mankum mission -
were 1500 people (S Koreans)

Dr. MAN PARK

How does DPRK perceive itself?
most sovereign states in the world
primary objective - SURVIVAL in
hostile environment - allies gone,
econ. in shambles, security threatened

- won't give up weapons
- weapons sale is their only revenue
source - they even 4 gang to give up
Believes launching was attempt to
market it.
- they know econ situation is bad.
But believe they have underground
oil reserves. believe econ difficulty
is temporary.
- Sunshine policy + US engagement -
SP is play for eventual absorption
"If overhauled by sunshine, it will
take off jacket + accept reforms."
- overtures by Korean businessmen
are designed to serve their own
interests

Does not believe SP will achieve
its objectives - if doj is reform.
IF DPRK feels threat - it will
suspend all programs

US engagement - not as hostile
as to SP. But insists that US
must engage itself in DPRK

Failed to deliver on terms of
agreement.

Grant

Brig Gen - AD is going to
the military - contrary to
our assessment that it is
more likely that some of
reduced production

w/ the monitoring
systems we
have in place

Dr. Park

Views of NKorean people
on the assistance that they
have been receiving,

psychology of DPRK - would not
permit diversions to military
military so mingled w/ civilians
- no systematic diversions

Non proliferation would need to
be coupled w/ econ. incentives
+ addressing security concerns

~~Warden~~
~~Dr. Mitchell Russ~~
~~Dean Anderson~~

KEDO

overflight
airport ops. - Fees will
be held by IATA - funds
deposited in escrow to pay
debts assoc. w/ developing
airport - low risk loan.
- don't understand role of
pricing

1. N. Koreans talk in terms of
ultimatum
2. Can't deal publicly w/ issues -
need to deal privately
3. Essentially no corruption
4. Believe they are "keepers"
of Korean policy
5. We can better appeal to
the military - need to
give them a role

Dr. Russ - KEDO
Lessons Learned

- 1) Explain to N Koreans the
world view on each issue
- cite old IAEA text
- 2) N Koreans are unclear in their
~~role~~ objectives in negotiating
- 3) Unfamiliar w/ win-win approach -
just take opposite perception to Seoul
- 4) Not negot. w/ person at table
Make arguments for Pyongyang
- 5) Support all arguments w/
written documentation - intl
protocols, evidence, etc.
- 6) Need logical, persuasive
arguments
- 7) Break issues into pol +
tech issues + use technical
people to help push issues
- Also promotes direct N/S
dialogue (KEDO technical
people are S Koreans)

- 8) Patience is a strategic advantage
- 9) Keep cool head. Threats should not be met w/ counter-threats - instead w/ regret + explanation
- 10) Don't settle for a bad deal - don't be afraid to walk away.

Dr. Leon Sigal

To go forward, US will need to abandon crime + punishment approach

Coercion will not work
Encouraging collapse of
N Koreans not smart
Letting people die will
make reunification less likely

Change will come when
DPRK lets in more
outsiders - coercion will
not work

N Korea is looking for a
missile deal
Looking for US to serve
counterweight to Japan
it hates, China it distrusts,
S Korea it fears.

Deliberately manipulating
us (our intelligence) to
draw us into negotiating

Stanley

- ①
- ② rational process in negot

Role of NGOs?

- inc. contacts w/ Americans
- a number of projects
- but NGOs can engage in
- why has USG been
- impeding NGOs?

We have set up a situation where they have things to lose

NGOs have changed the scenery in N Korea.

Show people that there are different people (+ cars) outside.

Unconditional end to sanctions + fulfillment of 94 agreement is critical.

Gallucci - key note

Model 1

94 agreement was a good deal

only - preserve framework, support KEDO, offer econ incentives, limit ballistic message, bring near term collapse to avoid violent cataclysm (minimax - avoid worse case)

Model 2

NK dedicated to new political reality in Asia. Attempt to dominate south. Develop capacity to strike anyone who interfered. Divide alliance. Provoked Japanese aggression

Current action is result of
unexpected events
collapse of USSR
Kod crisis

Believe DPRK is not sincere -
just stalling

US Policy - force negotiations
to conclusion earlier than later.
Engage military directly.
Enhance US deterrent +
defensive posture. Time
is not on our side.

Everyone agrees

- 1) US Policy misguided
- 2) White Knight needed

Don't know

- which model best describes
DPRK policy
- IS DPRK policy coherent

Think I know

1. Extent of NUC/bal mil capability ^{is} imp.
2. Deterrence less effective
w/ DPRK than w/ USSR

Policy prescriptions

- 1) Rethink at conventional troop
deployments - make
deterrent as strong as
possible no matter which
model
- 2) Internal USG should assess
mil option (costs/risks)
against weakening of
DPRK mil capability in the
future.

Situation where we are not
blinking, but we are also
not surprising.

To what extent is DPRK
getting free lunch?

AD - divorce humanitarian
from political.

CTR - Jerome Cohen

- Would like to increase
business + legitimized
cooperation. Renew
sanctions. Get DPRK
off the dole.

- How would you get DPRK off
the dole?

MATT - 456-9359

Pres call to Pastora

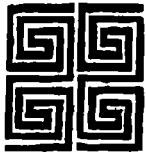
- Presidential leadership
needed
- Congressional support
- Strong Sec State + NSA

Need to maintain
stake for behavior
good

possible to negotiate if

- we negot. in good faith
- convince them that we are
not the enemy

need to take dispassionate
view of symbols



THE KOREA SOCIETY

ENGAGEMENT WITH NORTH KOREA: PIPE DREAM OR PRACTICAL REALITY?

**January 26, 1999
The University Club
One West 54th Street, NYC**

- | | |
|-------------------------|---|
| 8:30 - 9:00 AM | Registration & Continental Breakfast |
| 8:50 - 9:00 AM | WELCOME
Amb. Donald P. Gregg, Chairman, The Korea Society |
| 9:00 - 10:00 AM | <u>Session I: What is the "Sunshine Policy?"</u>
Prof. Moon Chung-In, Director of the Institute of Korean Unification, Yonsei University
Dr. Han S. Park, Director, Center for the Study of Global Issues, University of Georgia
Brigadier Gen. James F. Grant, USAF (Ret.), former Deputy Chief of Staff for Intelligence of U.S.F.K. |
| 10:00 - 10:30 AM | DISCUSSION |
| 10:30 - 11:00 AM | COFFEE BREAK |
| 11:00 - 12:00 PM | <u>Session II: The Art of Engaging with North Korea</u>
Mr. Jerome Cohen, Director of Asian Studies, Council on Foreign Relations
Dr. Mitchell Reiss, Senior Policy Advisor, KEDO
Dr. Charles Warden, Executive Vice President, Stanton Group
Dr. Leon Sigal, Consultant, Social Science Research Council |
| 12:00 - 12:30 PM | DISCUSSION |
| 12:30 - 1:30 PM | LUNCHEON & KEYNOTE ADDRESS
Amb. Robert L. Gallucci, Dean of the School of Foreign Service, Georgetown University |
| 1:30 - 2:30 PM | <u>Session III: Where do we go From Here?</u>
Mr. L. Desaix Anderson, Executive Director, KEDO
Mr. Selig S. Harrison, Century Foundation
Amb. Young Jin Choi, Assistant Secretary General for Planning and Support, United Nations |
| 2:30 - 3:00 PM | DISCUSSION |
| 3:00 - 3:10 PM | CONCLUDING REMARKS |



The Stanley Foundation

January 14, 1999

Mr. Richard Ragan
Director for Multilateral and
Humanitarian Affairs
National Security Council
Old Executive Office Building, Room 365
Washington, DC 20504

5 pages by fax

Dear Mr. Ragan:

You are invited to be our guest at a conference on "Engagement With North Korea: Pipe Dream or Practical Reality?" to be held January 26, 1999, at the University Club, One West 54th Street, New York, sponsored by the Korea Society.

The Korea Society, a private nonprofit organization, is dedicated to the promotion of greater awareness, understanding, and cooperation between the United States and Korea. The society arranges timely, informative, and creative programs in the areas of business, education, public policy, intercultural relations, and the arts. The Stanley Foundation, a nonpartisan private operating foundation, pursues its mission to provoke thought and encourage dialogue on international relations and world affairs through a variety of programs.

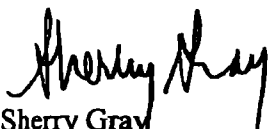
As part of a foundation project to promote peaceful solutions to international conflicts and disputes, we have chosen to focus on a particular set of countries currently in conflict with the United States, including North Korea (DPRK). In October, we convened a conference at Airlie Center with US government, UN officials, scholars, journalists, and representatives of nongovernment organizations to discuss the problems and possible solutions to the current US-DPRK relationship. As a follow-up to the conference at Airlie, Ambassador Donald P. Gregg, chairman of the Korea Society, has organized the January 26 meeting.

I have enclosed the agenda for this meeting along with a response form and invitation list. As a guest of the foundation, we will reimburse your plane or train ticket from the Washington, DC, area and ground transportation. Please take advantage of the lowest available fare. If possible, please make your travel arrangements directly with our travel agent, Susan McCoy at Meacham Travel. Her telephone number is 1-800-727-1199; fax 319-351-3340.

> Sue or Sandy

I hope that you will be able to attend this important meeting. We look forward to hearing from you.

Sincerely,


Sherry Gray
Program Officer

456
MATT · 1359

VP

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Engagement with North Korea : Pipe Dream or Practical Reality?
Presented by the Korea Society, January 26, 1999 [2 copies]

ENGAGEMENT WITH NORTH KOREA:

PIPE DREAM OR

PRACTICAL REALITY?

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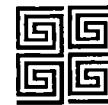
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THE KOREA SOCIETY

with generous support from



The Stanley
Foundation

January 26, 1999

AT THE
UNIVERSITY CLUB
ONE WEST 54TH STREET
NEW YORK CITY