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North Korea Framework [10]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. draft	re agreed framework and confidential minute, 0915 (5 pages)	10/14/1994	P1/b(1)
002. draft	re agreed framework and confidential minute, 2100 (5 pages)	10/13/1994	P1/b(1)
003. draft	re agreed framework and confidential minute, 1300 (7 pages)	10/12/1994	P1/b(1)
004. draft	re agreed framework and confidential minute, 0900, DPRK draft (6 pages)	10/13/1994	P1/b(1)
005. draft	re agreed framework (4 pages)	10/00/1994	P1/b(1)
006a. letter	President Kim (ROK) to POTUS (English translation) (2 pages)	09/21/1994	P1/b(1)
006b. letter	President Kim (ROK) to POTUS (Korean) (2 pages)	09/21/1994	P1/b(1)

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National Security Council
Steven Aoki (Nonproliferation and Export Controls)
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FOLDER TITLE:

NorthKorea - Framework [10]

2009-0528-F

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

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

Geneva, October 21, 1994

Delegations of the Governments of the United States of America (U.S.) and the Democratic People's Republic of Korea (DPRK) held talks in Geneva from September 23 to October 21, 1994, to negotiate an overall resolution of the nuclear issue on the Korean Peninsula.

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

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

- 1) In accordance with the October 20, 1994 letter of assurance from the U.S. President, the U.S. will undertake to make arrangements for the provision to the DPRK of a LWR project with a total generating capacity of approximately 2,000 MW(e) by a target date of 2003.
 - The U.S. will organize under its leadership an international consortium to finance and supply the LWR project to be provided to the DPRK. The U.S., representing the international consortium, will serve as the principal point of contact with the DPRK for the LWR project.
 - The U.S., representing the consortium, will make best efforts to secure the conclusion of a supply contract with the DPRK within six months of the date of this Document for the provision of the LWR project. Contract talks will begin as soon as possible after the date of this Document.
 - As necessary, the U.S. and the DPRK will conclude a bilateral agreement for cooperation in the field of peaceful uses of nuclear energy.

- 2 -

- 2) In accordance with the October 20, 1994 letter of assurance from the U.S. President, the U.S., representing the consortium, will make arrangements to offset the energy foregone due to the freeze of the DPRK's graphite-moderated reactors and related facilities, pending completion of the first LWR unit.
 - Alternative energy will be provided in the form of heavy oil for heating and electricity production.
 - Deliveries of heavy oil will begin within three months of the date of this Document and will reach a rate of 500,000 tons annually, in accordance with an agreed schedule of deliveries.
- 3) Upon receipt of U.S. assurances for the provision of LWR's and for arrangements for interim energy alternatives, the DPRK will freeze its graphite-moderated reactors and related facilities and will eventually dismantle these reactors and related facilities.
 - The freeze on the DPRK's graphite-moderated reactors and related facilities will be fully implemented within one month of the date of this Document. During this one-month period, and throughout the freeze, the International Atomic Energy Agency (IAEA) will be allowed to monitor this freeze, and the DPRK will provide full cooperation to the IAEA for this purpose.
 - Dismantlement of the DPRK's graphite-moderated reactors and related facilities will be completed when the LWR project is completed.
 - The U.S. and the DPRK will cooperate in finding a method to store safely the spent fuel from the 5 MW(e) experimental reactor during the construction of the LWR project, and to dispose of the fuel in a safe manner that does not involve reprocessing in the DPRK

- 3 -

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

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

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

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

- 1) Within three months of the date of this Document, both sides will reduce barriers to trade and investment, including restrictions on telecommunications services and financial transactions.
- 2) Each side will open a liaison office in the other's capital following resolution of consular and other technical issues through expert level discussions.
- 3) As progress is made on issues of concern to each side, the U.S. and the DPRK will upgrade bilateral relations to the Ambassadorial level.

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

- 1) The U.S. will provide formal assurances to the DPRK, against the threat or use of nuclear weapons by the U.S.
- 2) The DPRK will consistently take steps to implement the North-South Joint Declaration on the Denuclearization of the Korean Peninsula.
- 3) The DPRK will engage in North-South dialogue, as this Agreed Framework will help create an atmosphere that promotes such dialogue.

- 4 -

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

- 1) The DPRK will remain a party to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and will allow implementation of its safeguards agreement under the Treaty.
- 2) Upon conclusion of the supply contract for the provision of the LWR project, ad hoc and routine inspections will resume under the DPRK's safeguards agreement with the IAEA with respect to the facilities not subject to the freeze. Pending conclusion of the supply contract, inspections required by the IAEA for the continuity of safeguards will continue at the facilities not subject to the freeze.
- 3) When a significant portion of the LWR project is completed, but before delivery of key nuclear components, the DPRK will come into full compliance with its safeguards agreement with the IAEA (INFCIRC/403), including taking all steps that may be deemed necessary by the IAEA, following consultations with the Agency with regard to verifying the accuracy and completeness of the DPRK's initial report on all nuclear material in the DPRK.

eap/k

Office of Korean Affairs
U.S. Department of State
Washington, D.C. 20520

Phone: (202) 647-7717 Fax: (202) 647-7388

DATE: 10/22/94

TO: Dan Poneman

FROM: Lynn Turk

MESSAGE: - Per your request

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FOR POLITICO-MILITARY AFFAIRS AND AMBASSADOR-AT-LARGE

MODERATOR: VINCENT CHIARELLO, FOREIGN PRESS CENTER

3:42 P.M. EDT

WEDNESDAY, OCTOBER 19, 1994

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MR. CHIARELLO: Good afternoon. This briefing is on the record. My
name is Vincent Chiarello, and I'm a program officer here at the
Foreign Press Center.

Earlier this year, Ambassador Robert L. Gallucci was appointed
chairman of the Senior Policy Steering Group on Korea while serving as
assistant secretary for political and military affairs. In August, he
assumed his duties as ambassador-at-large, which by the way was a new
position, which coordinates strategy on Korean security and, among
other duties, serves as the president's spokesman on Korea.

Earlier this week, after 16 months of negotiations, the U.S. and
North Korea agreed to terms which will serve as the first step in the
dismantling of the latter's nuclear weapons development program.

Ambassador Gallucci has held a broad range of duties and
responsibilities since he began his government career two decades ago
with the Arms Control and Disarmament Agency. Among them, he has
taught at the National War College, served as the office director in the

coordinator for the former republics of the Soviet Union in the office of the deputy secretary. In short, he has brought an extensive knowledge of foreign affairs to the office he now holds.

Ambassador Gallucci will make an introductory statement, and then we'll open up the floor to questions. I ask that you identify yourselves before asking your questions and for the purposes of the transcription of this briefing you speak directly into the microphone. Ambassador Gallucci?

MR. GALLUCCI: Thank you very much.

With your permission, I'll make some introductory remarks, and then we can go to questions. The first remark I'd make is that the framework document that I'll be discussing with you was agreed to with the DPRK representatives on Monday in Geneva ad referendum to our governments. Yesterday you heard the president of the United States speak to the document and endorse it. He is sending me back to Geneva. I leave tomorrow to be there on Friday in order to sign the document. The document will be available once it is signed, but not until then.

On the substance of the document, we have had a number of objectives that we have been seeking to achieve in the course of the 16 months of on-again/off-again, and mostly off-again, discussions with the -- or negotiations with the DPRK. We have sometimes shorthanded those objectives to a nuclear-free Korean peninsula. But we could disaggregate that objective usefully into goals we have had that relate to the current North Korean nuclear program to the future program and to the past North Korean nuclear activities, and I'd like to describe what the document accomplishes in those categories.

In the area of the current program in North Korea -- nuclear program -- we have been concerned about spent fuel which is currently in a storage pond, and that fuel contains 25 to 30 kilograms of plutonium, perhaps enough for four or five nuclear weapons.

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We have had the objective of ensuring that that spent fuel is not reprocessed, is not moved from the storage pond to the radio chemistry lab or the reprocessing facility where the plutonium would be extracted. That was one objective. Under the terms of the agreement, the spent fuel will stay in the storage pond.

A second objective was to make sure that the five-megawatt reactor that produced that spent fuel and would, if reloaded and operated, produce more plutonium, to make sure that that reactor is not reloaded and not operated again. Under the terms of the agreement, the five-megawatt reactor would be frozen and not refueled.

A third objective or goal in terms of the current program was to make sure that the reprocessing facility, or the radio chemistry lab, as the North Koreans call it, is sealed and frozen. There's construction work going on to expand that facility and we wanted that construction frozen in place. That is also achieved under the framework document. So our goals to freeze the current program in place are achieved by the document, and that prevents additional separation of plutonium or additional production of plutonium.

With respect to the future North Korea nuclear program, we were concerned about two reactors that are under construction, a 50-megawatt reactor, obviously about 10 times the size of the five-megawatt reactor, and one four times larger than that, a 200-megawatt reactor also under construction. The 50-megawatt reactor is somewhat ahead in construction of the 200-megawatt reactor. Our objectives here were to have both of these reactors frozen, no more construction at either facility. These objectives are achieved in the framework document.

A third goal for the future of the program was to eventually ensure that the spent fuel that is currently in the pond that has that plutonium in it, that that spent fuel is eventually shipped out of North Korea so that the plutonium in the fuel is not available in the future. That also is achieved in the framework agreement.

Finally, with respect to the past, we have been concerned, as have many people, about the North Korean declaration of some grams of plutonium that they claim they have separated in the past, and the conclusion of the IAEA, based on its inspections, that that quantity appears not to be accurate and, in fact, to be understated. The IAEA speaks of an anomaly that it found as a result of its analysis of inspection results and, therefore, asked for special inspections of

two sites, radioactive waste sites, where the IAEA believes if it is permitted to take samples it will be able to reach a conclusion about whether or not the North Korean declaration initially was accurate or not. As you know, the DPRK refused to permit those special inspections. The issue was brought to the Security Council, and it is that issue, in fact, that brought the whole North Korea nuclear

Koreans and ourselves.

Under the framework document, the North Koreans agree to accept whatever safeguards measures the IAEA may deem necessary to resolve the question of their original inventory, and those measures may well include special inspections.

Now, I want to say a word or two about timing and when some of these things occur.

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And I want to relate that to some of the benefits the agreement has for the DPRK, since I have just described to you the many benefits the agreement has to the international community, particularly to the countries of the region but also to those around the world who are concerned about the proliferation of nuclear weapons.

The DPRK believed that if it was going to give up its gas-graphite technology, it should be in a sense compensated for reactors that are not going to produce electricity. We calculate that to be about 250 megawatts or 255 megawatts of electrical generating capacity. If you take the three reactors I refer to, that's 250 megawatts, 255 megawatts of electrical generating capacity that the international community will provide in the form of heavy oil for the purpose of heating and energy production. This will be provided, phased in, beginning in the first three months, and then increasing in the first year and then increasing in the second year and then leveling out to an equivalent of 255 megawatts of electrical generating capacity.

That is one benefit that accrues to the DPRK as a result of this agreement, and it's a benefit that accrues from the start, from the first three-month period.

A second benefit is that the United States, after consultation with the Republic of Korea and Japan and other countries, will assure the DPRK that it will make arrangements for the construction of a light-water power reactor project in the order of 2,000 megawatts of electrical generating capacity that would be -- normally be two 1,000-megawatt nuclear reactors. These reactors will be largely financed and constructed by the Republic of Korea and by -- with help from Japan and presumably other countries as well.

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The United States will form a consortium. We are tentatively calling that consortium the Korean Energy Development Organization, or KEDO, which will make arrangements for the necessary contractual provisions for the construction of this project.

Some of the activity I described to you initially that the DPRK undertakes under the agreement will be geared to or paced to the construction of the light-water reactor project -- for example, the shipment of the spent fuel. The shipment of the spent fuel from the DPRK will begin when significant nuclear components begin to be delivered for the first nuclear reactor. The fuel must be completely shipped out of North Korea by the time the first reactor is completed.

In addition, a provision of the agreement which I did neglect to describe to you which is very important and goes to the future of the North Korean program is that beyond the freeze of all those facilities is the complete dismantlement of all the facilities. That is to say the fuel fabrication facility, the five-megawatt reactor, the reprocessing facility, the 50-megawatt reactor and the 200-megawatt reactor will all be dismantled under the terms of the agreement. The dismantlement for those facilities is paced to the light-water reactor project in time, such that dismantlement will begin when significant nuclear components are delivered for the second nuclear reactor and will be completed by the time the second reactor is completed.

With respect to the question of past nuclear activities, the so-called special inspections or whatever other measures the IAEA may require to resolve the question of the past nuclear activities of the DPRK, those inspections will have to occur before any significant nuclear equipment is delivered for the first reactor. That means at the same time that the reactor project will proceed before the question of the past is completely resolved. That is to say that in our light-water reactor project there is a series of phases or steps -- the negotiation of a contract, the preparation of the site, the beginning of civil engineering, the fabrication of significant components, the delivery of some of the non-nuclear components for what we call "balance of plant."

But up to that point the DPRK will not necessarily -- and is not obligated, at least, to resolve the safeguards issue of past nuclear activity. But before any significant nuclear equipment is delivered for the first reactor, the special inspections and other activity the agency requires to resolve the question of the past will have to have taken place, and the DPRK will have to be in full compliance with its IAEA safeguards obligations under the Non-Proliferation Treaty.

In addition to these elements that I've described that go to those nuclear portions of the program, this is a broad and thorough approach as we had decided to pursue in consultation with our ally, the Republic of Korea. There are political and economic dimensions. The United States agrees that it will early on in the course of this agreement reduce trade barriers and barriers to telecommunications.

office and to establish a liaison office as issues that are outstanding are resolved with respect to, for example, to consular activity and access.

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There is a commitment on the part of part of the United States to eventually move to full diplomatic relations at the ambassadorial level as other issues of concern are resolved. There's no time frame specified. In addition the agreement specifically provides for the DPRK to implement the North-South declaration on de-nuclearization. The agreement as in a separate paragraph specifically provides for the DPRK to proceed with the South to resume North-South dialogue. The agreement is a complicated one and has a lot of moving parts as I've described to you and I'd be prepared now to answer your questions. Or at least try to.

MR. CHIARELLO: Before we start the question and answer period may I please make this announcement. Because of his ongoing commitments Ambassador Gallucci will have to leave directly after this briefing. So will you please remain seated until he leaves.

Just wait for the microphone please, and please make -- talk into it.

Q Thank you. My name is -- (inaudible) -- staff writer with -- (inaudible.) I have two questions. One is concerning fuel rods. And you said fuel will stay in the storage pond, and you said also shipments of fuel rods will start when significant components will be delivered to North Korea. From your viewpoint, don't you have any concern about the, you know, storage of those fuel rods in North Korea. And I've heard during first session of third round talk in Geneva in August from some U.S. officials, that you have some technical concerns over storage or how to storage (sic) those fuel rods in the pond by the end of this year, even. So this is my first question. You have any concern or you're confident enough to see that?

MR. GALLUCCI: I'm glad you asked that question because the agreement speaks specifically to that point. The agreement provides for the DPRK after consultations with the United States to arrange for the safe storage of the spent fuel in such a way that it will permit the eventual shipment of the fuel out of the DPRK when that point in the light water reactor project is reached. So what I think you should envision here is an effort, a cooperative effort, between the DPRK experts, technical experts, and American technical experts first to stabilize the water chemistry and then to prepare the fuel in whatever way technically experts decide is most appropriate and then ultimately for the shipment of the fuel.

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So we are concerned, and we're prepared to work with -- (clears throat) -- excuse me -- the DPRK to ensure that this happens.

I should tell you that with respect to the proliferation element here as opposed to the safety element that we are confident that the IAEA can ensure that the monitoring and verification of the spent fuel in the pond, and while our key objective was to make sure that that fuel wasn't reprocessed, it is, of course, even better from a proliferation perspective that the fuel is eventually shipped out of the DPRK.

Q Second question. I am just wondering whether you have any agreement with your North Korean counterparts with regard to the definition of "significant components." And you gave us a kind of an estimate that within five years significant components will be delivered to North Korea. But when you say "significant components," what kind of, you know, components you are mentioning? For example, the reactor itself or a turbine or et cetera, et cetera. Thank you.

MR. GALLUCCI: Okay. Generally, a way to conceive a light-water reactor power project is in terms of the nuclear steam supply system on the one hand, and that is the nuclear component that -- of the project that ends up boiling the water that produces the steam. And then the other part is sometimes called balance of plant, and that's where the steam drives the turbines, which drives the generator, which produces the electricity. What we are saying is that a lot of this work can go on in the balance of plant, but nothing really of nuclear significance in the nuclear steam supply system can be delivered.

And, yes, we have defined it in terms of any item that is controlled under the nuclear suppliers' guidelines trigger list. So there's a specific definition there, and it goes to the nuclear steam supply system of a power reactor. It's a standard, internationally accepted standard.

Q My name is In Young Lee (sp) of MBC TV from Seoul, Korea. Under the terms of agreement, the United States gives North Korea a so-called grace period in implementing special inspections. Are you confident that delaying in implementing special inspections does not pose any proliferation risk?

MR. GALLUCCI: I wouldn't call it a grace period. I would call it the minimum period we were able to negotiate. I don't think I

should be ambiguous on this point. I think from the perspective of the Non-Proliferation Treaty regime we would like to have those special inspections conducted as soon as possible, and indeed even under the framework document, while there is a point at which they must be constructed if the light-water reactor project is to proceed, we certainly would be pleased to see them conducted sooner.

questions and already of criticism, and so I want to take this on head-on. There are many elements of the North Korean nuclear program that were of concern to us and needed to be addressed in a timely or urgent fashion. We needed to make sure urgently that that fuel was not reprocessed. We needed to make sure urgently that the 5- megawatt reactor wasn't restarted.

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We need to make sure that inspection activity to ensure that is in place. We need to make sure urgently that those two large reactors were frozen in place and construction didn't proceed.

But one of the things that wasn't urgent in a technical sense, from a proliferation perspective, was the conduct of the special inspections. We're talking about inspecting two radioactive waste sites. These sites aren't going anywhere, and the half life of their radionuclides are in thousands of years, and so we're not too worried about that situation changing technically.

Politically, of course, it is an issue, and I recognize that. But the DPRK was interested in, quite naturally, I would say, as a negotiator in this, in seeing that there be some progress towards the light-water reactor project before it took this step -- and it recognized the importance of this step.

From our perspective, this agreement looks to us and feels to us like an agreement in which two sides -- and it is an agreement in which two sides are taking a series of parallel steps and there's ample opportunity in the course of these parallel steps for both sides to assess the performance of the other. This agreement is not based on trust. Hopefully it will build some trust between North and South, between the DPRK and the rest of the international community over time, but what it is based on is the capacity to verify at any point along this process that there is compliance with the terms of the framework document. So while the special inspections don't take place immediately, there's no technical disadvantage to that and I don't believe there's any risk attached to it. It is, I would say, not to put too fine a point on this, politically regrettable it couldn't be gotten sooner, and I recognize the desire of people to resolve the question of the past. We have gone from a position with the DPRK of their absolute refusal to have special inspections to the acceptance of special inspections, from an absolute refusal to leave their five-megawatt reactor dormant to their agreement to freeze and dismantle it. There's been significant movement.

Q Saki Ouchi from Yomuri Shimbun. I have a follow-up question on the rods and another one on KEDO. On the rods, you said yesterday that it would be probably about five years before the special inspection would take place. How many years do you think it would take before the significant component, shipment of significant component of the -- (inaudible) -- begins, in other words, the rods begin to be shipped out of the country?

MR. GALLUCCI: I'm going to not retreat from what I said yesterday, but I am going to note now, since this is a slightly more relaxed setting, that when I say five years, that is an estimate based upon delivery schedules of other light-water reactors around the world, including in South Korea, but it's not a -- this is not -- the

ties it to when things happen in the course of the project. So my first caution is five years is an estimate, all right? So indeed, if the project proceeds more quickly, then the time at which it will be appropriate for the nuclear components would come sooner, and if the DPRK wishes the project to proceed on schedule, they will have to resolve the safeguards issue sooner, later will be later. As soon as the — it is time for the components to be delivered, at that time, in order for the components to be delivered, the North will also have to accept the beginning of the removal of the spent fuel from the pond. So if the five years in the first instance is correct, then about five years is about when a spent fuel shipment would begin.

Q And also on the interim energy, in the Berlin working-level talks, the North Koreans over-phrased their demand, which was agreed on in August, regarding the interim energy, like insisting on getting compensation for the past investment in the reactors.

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Have they backed down on that? What would be the estimate amount of interim energy, without light-water reactor? And when would KEDO actually be established? How would KEDO start moving from now on, now that the agreement is reached?

MR. GALLUCCI: Okay. With respect to the first, we have -- the framework document comports with the understanding of August 12th, which is to say that the heavy oil that we'll be delivering will be geared to meeting an energy need that derives from foregoing 255 megawatts of electrical energy capacity, period. No compensation for reactors that they have thought about and never started construction, and no compensation in any way for the investment in the concept of gas graphite technology. So it comports with the August 12th understanding.

With respect to KEDO, we have a lot of work to do. Our intention, once we have a signed document, is to come back to Washington, to do our homework with respect to the necessary options for the financial structure, political and legal structures for KEDO, to invite potential participants in KEDO to a meeting where we would then begin to talk about how we would structure this organization, and what roles various countries or their companies might play, both in KEDO itself and then specifically as well in the light-water reactor project.

Q (Name and affiliation inaudible) -- Shimbun, Tokyo. Just one clarification. Yesterday, Mr. Ambassador, you said in the White House briefing, North Korea indeed said they would accept the special inspection. In that sense, did they actually use the word -- term of "special inspection"? And also, I really -- (inaudible) -- right now. How do you feel at the moment? Do you feel as if you are almost there, or still a long way to go?

MR. GALLUCCI: I have some difficulty in answering your first question for two reasons. One, because I said that the document itself will not be made available until after it's signed, and therefore I'm reluctant to talk about exact language or a quote from the document even if I could.

And second, there is a confidential minute that is a portion of the document. The confidential minute is a couple of pages long, and it includes undertakings that are made which will not be made public.

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At the -- while we say that it will not be made public even after signing, we have an understanding with the DPRK that we will answer questions, such as yours, consistent with the confidential minute. In other words, while the actual text will not be released, I can answer questions that are consistent -- in a way that's consistent with that minute. So the best I can do in answering your question is that there is no ambiguity in the document taken as a whole about whether or not the DPRK will accept whatever measures that the IAEA may deem necessary, including whatever inspections may be necessary to resolve the question of the past.

With respect to the second question about how I feel about where we are, I myself feel tired. (Laughter.) And I'm not tired of this process; I'm just physically tired. As a matter of fact, I'm quite enthusiastic about the process. We have been at this for a long time. I have a team some of whom I've left as hostages in Geneva and some of whom came back with me. I've had a backstopping team here in Washington. And I think all of us are very pleased with the agreement, with the framework document. We hope it will be signed without any difficulty on Friday, and we are filled with all the enthusiasm you would like bureaucrats to be filled with to get on with doing a task that is very worthwhile.

We recognize there's a long, long road ahead of us; that the reactor project itself is an incredible undertaking. The creation of an international entity such as KEDO is an incredible undertaking. The obligations of both sides will need to be confirmed and verified. We've had consultations as recently as an hour ago with Director General Blix, who is in Washington today. And so we are quite pleased with his orientation to this, which is very supportive. So it is a very important point we're at. It is a turning point for sure if we get this document signed. But there's a long road ahead of us, too.

Q I'm (Ben ?) Barber. I write for the London Observer and for the Washington Times. What do you do in five years from now when you conduct this inspection of their waste sites and discover there's a lot of missing plutonium and you believe that they have made a bomb, in fact? What do you do then?

MR. GALLUCCI: First, by "you" I know you mean the IAEA that will be conducting the inspections. First of all, with respect to bombs, it has been said that certain elements of the American bureaucracy, intelligence community, believe that North Korea may have separated enough plutonium for one and possibly two devices.

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I don't know whether they have done that. In other words, I don't know whether they have separated enough plutonium for one or two devices. And I certainly don't know whether they've built any nuclear weapons. If they have built nuclear weapons, as you must know, the Non-Proliferation Treaty, which they are reaffirming in the framework document that they are members of, precludes possession of nuclear weapons or manufacture even of nuclear weapons. So they would have to give them up. If they have nuclear material in excess of what was originally declared to the agency, they would have to declare that material. They would have to subject it to safeguards.

Now, all this may strike you as other-worldly, but in this world in which we live in, we have the experience of South Africa, which had nuclear material, built nuclear weapons, subsequently admitted to it, dismantled their weapons, subjected the material to safeguards, and has joined the Non-Proliferation Treaty. I don't mean to make any of the comparisons between the case of South Africa and the DPRK other than to say it's happened before. It would have to happen in this case — I mean, it would have to happen in this case if, in fact, they'd taken the steps that were assumed in your question.

Q This is Lee Chung Su (sp) of Korean Broadcasting System, KBS News. My first question is, if the North Korean possession of nuclear weapons was revealed by the special inspection after five or more years and the North Koreans are not willing to give up or dismantle the nuclear weapons, are you preparing to deploy U.S. tactical nuclear weapons in South Korea to deter the North Korean nuclear threat?

Another one is the -- the second one is, it is reported there's a behind-the-scenes agreement at the U.S.-North talks that the South and North Korean dialogue should be resumed within this year.

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MR. GALLUCCI: If I have both questions, if it turns out that the DPRK has a nuclear weapon or nuclear weapons, would the United States be prepared to deploy tactical nuclear weapons in order to respond to the threat posed by such nuclear weapons? That is a hypothetical question, and I am now going to do what prudent people do with hypothetical questions, which is to say that I will not answer it. I will say that the United States of America has a firm unshakable commitment to the security of the Republic of Korea and its people, that there's never been any doubt about that. We have restated it, the president has, the secretary of state has, and that commitment is going to continue. We certainly have made that clear to the DPRK. The United States will do what is necessary to defend South Korea and by the way it is backing up that commitment with the presence of about 37,000 American troops. So, there should be no question that we will do what is prudent and necessary, and I just will not go beyond that with respect to nuclear weapons.

With respect to the North-South dialogue, the framework document envisions the resumption of North-South dialogue and North Korean explicit willingness to undertake such dialogue. It is not framed in terms of a time frame of three weeks or three months, but we envision that occurring. Indeed, it is our view that the future -- in the future, if we are going to realize the type of relations and the DPRK that is suggested in the framework document, then we need to expect that relations between North and South will also improve, that tension will be reduced between these two countries.

Q My name is Antonio Kamiya from Kyodo News Service in Japan. The North Korean nuclear project, according to you, has a rated capacity of 255 megawatt. In your negotiation, how did you arrange a formula that would lead the United States to supply light-reactor to North Korea that would go all the way up to 2,000 megawatt? And also, I would also like to ask a question about the financing. Who is paying for what in terms of the construction of the light-water reactor and also the heavy oil supply?

MR. GALLUCCI: The DPRK at various times described its energy program that it was going to pursue through the continued construction of gas graphite reactors.

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We were proposing to assist the DPRK in a transition from gas graphite technology entirely and for all time to light-weight reactor technology. In those course of those discussions, we settled on 2,000 megawatts electric. That's the best I can do in responding to the first part of your question.

The second part of your question went to -- what was that? Oh, the financial obligations. I think I said to you earlier that the Republic of Korea and Japan have agreed to assist, and I expect the Republic of Korea to bear the lion's share of the burden, financial burden, and indeed of the construction of the light-water reactor project. I expect the alternative energy in the first instance, in the early months, the United States will take up the responsibility for for that, but very soon I would hope that our consultations in KEDO would allow us to shift the burden to broader international shoulders so that other countries will assist in providing the alternative energy in the form of heavy oil.

Q Sun Young Kim (sp), Chosun Ilbo from Korea. I have two questions. First, could you give us a rough estimation about around when the liaison office in both capitals will be established? And second, you said that -- at yesterday's briefing -- the international community will provide one 2,000-megawatt reactor or two 1,000-megawatt reactors. Does that mean you did not reach agreement of what type of reactor will be provided?

MR. GALLUCCI: The first question was?

Q Around when the --

MR. GALLUCCI: Yeah, the liaison offices.

Q Yeah.

MR. GALLUCCI: The framework document does not have a time frame in it for the establishment of the liaison offices. The liaison offices will be established as soon as outstanding issues with respect to the offices are resolved -- for example, as I said, consular questions, questions of access, et cetera. So there's no specific time frame laid out, and I really can't predict how long it will take to work out those questions.

The second question?

Q What kind of reactor?

MR. GALLUCCI: The type of reactor. If I said what you said I said yesterday, I misspoke. The document refers to two 1,000-megawatt reactors, and they will be reactors of the type that are currently under construction in South Korea.

billion reactors will be a grant and that the DPRK will not have to pay for it? And also, once you build a reactor, you'll need fuel.

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Now, who supplies the fuel? And does the DPRK have to pay for the fuel?

MR. GALLUCCI: The framework document -- the first part of the question was?

Q Whether there is a grant.

MR. GALLUCCI: A grant. The DPRK has told us in the course of our discussions that they are prepared to accept reactors as a long-term -- on a financial basis of a long-term loan which they would pay back in barter, and they have -- that is the basis under which we will go into or approach contract negotiations. With respect to the fuel, the framework document does not speak to the question of fuel, and that will be taken up at a later date.

Q N.C. Menon from Hindustan Times, India. Ambassador Gallucci, I would like to start by saying that this is not a hostile question. If you look back in hindsight over this North Korean business, what seems to have happened is that they threatened to pull out of NPT, and then they made a few moves which made the world believe that they are siphoning off plutonium. And now you are giving them two light-water reactors worth \$4 billion and a lot of heavy oil. And there are a couple of other instances like that. For instance, China gave M-11 missiles to Pakistan when they were not supposed to under the MTCR, and now you have decided to talk to them and forgive and forget because China has promised not to give them any more missiles, although Pakistan has already deployed the missiles on the border with India.

Now, there are several things like that, and don't all these point to a pattern of appeasement?

MR. GALLUCCI: I'm glad you asked that question, and the short answer is no. And it is only because I have extraordinary self-restraint and I'm also very tired that I'm not going to speak to Pakistan, China, and M-11s. But I will speak to the subject here and tell you that it is important as you assess the terms of this framework document that you look at what is required by the Non-Proliferation Treaty and by international safeguards, and what is required of the DPRK to do in order that it honor its international obligations. And what it needed to do to honor its international obligations was to accept those special inspections, let the IAEA in, and resolve questions about its past nuclear activity and determine

whether it has only gram quantities of plutonium or whether it has perhaps some kilograms -- maybe 6, maybe 7, maybe 8 kilograms.

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If it had done that, it would have been in full compliance with its IAEA safeguards obligations, its NPT obligations.

Now, suppose it had done that, and nothing else was accomplished, and it had gone on and discharged fuel, as it did, into the pond, and that fuel was separated in the radio chemistry lab, the plutonium from it, all under safeguards, and it immediately accumulated in fact within a couple of months accumulated 25 or 30 grams -- or kilograms of plutonium, enough for four or five nuclear weapons. And then it finished its reactors, which would produce hundreds of kilograms a year, and after five, six, seven, eight years, be into thousands of kilograms of plutonium, enough not only for a major nuclear weapons program but also to export plutonium around the world. It could do this all under international safeguards, except for the fabrication of weapons, and consistent with the NPT.

Now, that's what is not going to happen. They are giving up, if you will, or transitioning from a gas graphite technology and reprocessing to a technology that is much safer from a proliferation perspective. They're doing that because they're getting assistance to make that transition. The light-water reactor project is not to bring about compliance with its NPT or safeguards obligations, that happens in the course of this. But that project is, if you will, what the DPRK is going to transition to when it gives up this gas graphite technology that would be the source of hundreds of kilograms of plutonium. So I don't think this is a case in which you can simply say they are being rewarded for what they should have done anyway.

We certainly believe they should have stayed into compliance -- stayed in compliance with their NPT obligations. But we entered into a negotiation and it broadened out to achieve, I would say, extremely significant non-proliferation objectives, objectives which for countries in the region, particularly the Republic of Korea and Japan, but also the rest of the world as well, are extremely important -- and would not have been achieved outside the context of providing the light-water reactor project.

@ This is Lee Sam Sok (sp), Hankook Ilbo, Korea Times.

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Ambassador Gallucci, you just mentioned the word (could hear?) Are there issues of concern that should be addressed before the United States enter into full diplomatic relations with North Korea. Can you be more specific on that?

AMB. GALLUCCI: Certainly. I can be a little more specific I just cannot be exhaustive. It is no secret that we are concerned about the disposition of troops, the forward deployment of the DPRK's ground forces close to the DMZ. We would very much like, over time, for there to be a disengagement for the -- what we know in the arms control community as confidence in security building measures that would lead to a build down in capability and certainly a different deployment that would be less provocative and intense.

I think, as you know, we have been concerned for some time about their ballistic missile program, both in terms of the production of ballistic missiles of extended range as well as the export of such ballistic missile technology. I think over time the United States' concerns that other countries in areas such a human rights -- I mean there are a number of areas that the United States and other nations naturally assess the quality of their relations over with respect to other countries, and our relations with the DPRK will be assessed according to parameters beyond the nuclear. What was critical to us was that to get on the road of better relations we addressed the nuclear issues first and that's what this document does.

Q Brian Walker, TV Asahi. Mr. Gallucci, could you give us an idea of where these fuel rods may be shipped, and if during the course of discussions you got a sense of what nations or what areas -- or what methods of transshipment would be acceptable to the North Koreans.

AMB. GALLUCCI: Well, I can tell that before we began to engage the DPRK on the desirability of agreeing to cooperate in the shipment of the spent fuel out to the DPRK, we made sure that there was someplace for the fuel to go. I had consultations with a number of other governments and I am confident that there are two or three -- at least two or three countries that would be prepared to take the fuel for the ultimate disposition. We'll see, of course, when the time comes. whether those -- that willingness still exists, but it does now. And I do not wish to name the countries.

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With respect to the ability or modalities for shipment, this has been done -- shipment of spent fuel of this type has been done before -- shipment of fuel out of Iraq, for example, shipment of fuel out of Taiwan has occurred and indeed shipment of more difficult to accomplish light-water reactor fuel has occurred out of a number of countries, including Japan. So, this is technically quite plausible.

MR. CHIARELLO: I'm afraid we'll have time for only two more questions.

Q (Name inaudible) -- of the Voice of America. Reports indicate this agreement allows up to one month for international teams to inspect North Korea's declared facilities just to see if they have declared -- if they have actually started to freeze the program. If that's true, do we have any guarantees from now until then that the up to 30 kilograms of spent nuclear fuel won't go anywhere? And what happens if, when international inspectors arrive to see just if they've frozen the program, if there's less than 30 kilograms of spent fuel?

MR. GALLUCCI: First of all, I'm unfamiliar with the one month provision, and if it's in there I apologize for forgetting it, but that doesn't ring a bell with me. Certainly, with respect to the construction activity at the 50- and 200-megawatt reactors, it may take some days or so to prepare the facilities for being frozen, but we expect the freeze to be in place virtually immediately. With respect to -- and days are not significant in terms of construction. With respect to the spent fuel and the 25 to 30 kilograms of plutonium, that would be significant and we are not concerned about that, because even as we speak IAEA inspectors have been in continuous presence at that pond, and there is no difficulty at all with the IAEA having high confidence that the fuel is not moving out of the pond. That's an easy thing to verify, and they are there to do that. So, the freeze at the pond and on the 5-megawatt reactor are very, very easy to implement and they are monitored right now by inspectors on the scene. And with adequate access -- which is assured under the framework document -- the freeze on the reprocessing facility and the other facilities are quite easy to accomplish in technical terms as well.

MR. CHIARELLO: This will be the last question.

Q (Name inaudible) from Tokyo Shimbun. You yesterday mentioned that Romania had developed a nuclear weapon. What did you mean? Could you elaborate it, please?

MR. GALLUCCI: I'm sorry, could you say again? I'm sorry.

Q Yes. You yesterday mentioned that Romania had developed a nuclear weapon in secret.

were a couple of cases -- or at least I hope I said this -- I was even more tired yesterday. There are a couple of cases that came to mind in which countries changed their declaration, and I mentioned South Africa and Romania. In the case of South Africa, there was a little problem with the fabrication of nuclear weapons that had already occurred. In the case of Romania, there was a revised declaration about how much material they had on hand.

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The Federal News Reuter Transcript Service

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So the only point I was trying to make is that countries have in the past revised their declarations.

Q (How about ?) the last question.

MR. CHIARELLO: This will be the last question. (Laughter.)

Q Mr. Ambassador, I return to the most fundamental and basic question. You have (driven ?) more than 16 months (taken ?) negotiation with North Korea. I mean face-to-face negotiation. So as far as the possessions of nuclear weapon in North Korea, nobody knows better than you in the United States. Mr. Ambassador, what was your -- I mean, the honest evaluation about North Korea's possession of a nuclear weapon. Do they have really a nuclear weapon?

MR. GALLUCCI: I think if I knew the answer to that question, I would desperately want to tell you right now. But the way I normally assess these things, and I have been working on problems of nuclear weapons proliferation for 20 years for the United States government, is to ask the first question about whether they have enough material, plutonium or highly-enriched uranium. And we have doubts about that. We simply don't know. And that's the issue over which this problem arose, whether they had only gram quantities or whether they had kilogram quantities. So in the first instance, we don't know if they have enough material. After that, one asks the question of do they have the technical capability to fabricate the triggering package that we sometimes call the envelope into which the fissile material goes. And then the third question is can they weaponize such a thing so it isn't just a device but is actually a deliverable weapon. And this calls for conclusions about their technical capabilities in a number of other areas of engineering and physics.

I myself find that there is an awful lot we don't know about North Korea. It has -- I know it's a cliché, but it's a very closed state and society. Very difficult to make these assessments. Nobody responsible in the U.S. government for making these assessments wants to exclude the possibility that they have one and possibly two nuclear weapons, but I think many of us also want to avoid suggesting that we think they actually do have these weapons or have come to the conclusion on balance they probably have the weapons. I'm unprepared to do that.

The best I can do is to say I don't know; I can't exclude the possibility; and the most troubling thing, of course, is that there is ambiguity about how much plutonium they have. I'm sorry, that's really the best I can do.

MR. CHIARELLO: On that note, thank you very, very much for coming

MR. GALLUCCI: Thank you all very much.

MR. CHIARELLO: -- and thank you, Ambassador Gallucci.

Please remain seated until Ambassador Gallucci leaves.

....

END

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FAX

PM/IAEA
Room 4419
U.S. Department of State
Washington, D.C. 20520

Date 10/25/94
Number of pages including cover sheet 4

To:

NSC - Dan Poneman

Phone

Fax Phone (202) 456-9180

CC:

From:

Linda Gallini

Phone (202) 647-0186

Fax Phone (202) 736-7548

REMARKS:

☐ Urgent ☐ For your review ☐ Reply ASAP ☐ Please comment

As requested.

FAX TRANSMITTAL

3 of pages 3

To L. GALLINI	From M. Lawrence
Dept./Agency	Phone #
Fax #	Fax #

NSN 7540 01-317-7500 5030-101 GENERAL SERVICES ADMINISTRATION

Check against delivery

**Notes for the Director General's Informal Briefing of Resident Representatives
re U.S.-DPRK "Agreed Framework" of 21 October 1994**

Vienna, 24 October 1994

1. The implementation of safeguards in the DPRK has been high on our agendas since early in 1993 and constitutes one of the most serious - if not the most serious - safeguards issue before the Agency.
2. Following the statements by the Presidents of the Security Council on 8 April 1993 and 31 March 1994, asking members of the Council to use their good offices, the United States has held numerous talks with the DPRK. Last Friday - 21 October 1994 - these talks, as you know, resulted in an "agreed framework". As it is of great interest to the Agency, the Secretariat arranged for it to be transmitted informally to Missions as soon as we could. I hope you have all received a copy. If not, we can supply you with one here and now.
3. You may also have received a copy of a press release of 20 October in which I made some comments on the "agreed framework" - as I knew it - in response to media interest. If you do not have the press release, we can supply it here.
4. As I was in the United States last week for the IAEA item in the UN General Assembly and for talks in New York and Washington, I had the opportunity for many discussions about the "agreed framework", the contents of which were widely known at that time.
5. The "agreed framework" is a bilateral document drawn up by the United States and the DPRK. It cannot and does *not supersede or replace or detract from* the safeguards agreement between the IAEA and the DPRK, which in our view - and in the view of the Board, General Conference, the UN Security Council and General Assembly - remains valid. The validity of that agreement is not, on the other hand, recognized by the DPRK. As of the spring of 1993 the DPRK has considered itself to be in "a unique position".

- 2 -

6. Although for the time being we have available a document which only sets out our commitments by the United States and the DPRK affecting the latter's position as regards IAEA verification activities, I thought you might even now want to have the opportunity to hear some comments on my part and to give me your comments and advice.
7. I have already made my first comment, namely that the "agreed framework" cannot supersede or replace or detract from the safeguards agreement, which remains fully valid, and will remain fully valid.
8. A second comment is that inasmuch as the "agreed framework" contains several commitments by the DPRK as to how it will conduct itself vis-a-vis Agency safeguards and inspection, important consequences may follow for the implementation of safeguards. A third comment is that the Agency will also be asked to perform some functions that may be covered by normal safeguards activities, but which are not normally spelled out as a separate function. I have in mind, of course, the verification of a "freeze".
9. A fourth comment is that as the US has pursued its talks with the DPRK at the instance of the Security Council, we believe it is likely that the "agreed framework" will be reported to the Council and that the Council might request that the Agency, in the implementation of the safeguards agreement, take fully into account the relevant provisions of the "agreed framework".
10. Naturally the Secretariat is now trying to analyse the effect that the "agreed framework" could be expected to have upon our work in the DPRK.

It is certainly to be welcomed that in point IV.1 it is stated that the DPRK will "remain" a party to the NPT and - I quote - "will allow implementation of its safeguards agreement under the Treaty."

11. For its part the Agency Secretariat will - as before - list the safeguards activities which it sees as required to implement the safeguards agreement. While the DPRK's acceptance of these requirements has varied in the past, the "agreed framework" suggests that co-operation will improve in several respects. I am bound to note, however, that co-operation "deemed necessary by the IAEA" to verify the accuracy and the completeness

- 3 -

of the DPRK's initial report on all nuclear material in the DPRK, could be several years away. Although this commitment is better than the current attitude, it would be far better for all concerned, I think, if the co-operation in this regard came without prolonged delay.

12. The "freeze" is an important and very special feature of the "agreed framework". The commitment is perfectly consistent with the NPT and the safeguards agreement and safeguards activities under the safeguards agreement will be capable of verifying the implementation of the freeze.

13. At this early stage it is impossible to calculate how much safeguards efforts will be needed in the future in the DPRK. I foresee that we shall have inspectors stationed continuously at Nyongbyon as we have had for some time.

A preliminary examination of the verification activities to which the DPRK is committing itself does not suggest that any of these would fall outside what we see as activities authorized under the safeguards agreement.

14. Full DPRK co-operation with the Agency Secretariat would certainly make our task easier. We shall seek this co-operation.

NORTH KOREA THINGS TO DO

1. KEDO

- Need a blueprint for KEDO organization, including how to square political requirements with the need for an effective project management. Who makes decisions, including the selection of reactor and component vendors? How is the board structured? How does the U.S. keep control (a necessity for the DPRK) while maintaining ROK and Japanese backing? What are the respective roles and responsibilities of KEDO, the prime contractor, subcontractors and participating governments?
- Need a financial plan/budget. What are we actually asking from ROK/Japan on a year-by-year basis? What are the projected cash and in-kind outlays for the alternative energy and LWR projects? Do we expect KEDO to borrow money against ROK/Japanese guarantees, or is the LWR to be financed on a cash basis?
- Who is going to run/staff KEDO? If we're going to be negotiating a contract with the DPRK in 6 months, need to move quickly to put KEDO staff in place.

2. LWR Contract

- Need a checklist of issues that must be addressed in the contract, including:
 - LWR project specifications, schedules and deliverables.
 - Liability limitation for KEDO and U.S. contractors.
 - Nonproliferation requirements, including consent rights, spent fuel disposition, nonreplication of technology and other statutory requirements, e.g. NNPA requirements.
 - Status of KEDO and contractor personnel on-site in North Korea, particularly ROK nationals.
 - Tax and duty-free status of goods and services provided.

-- Nuclear safety standards and regulatory responsibility. Who conducts safety reviews and inspections? Who licenses the plant to operate? (Japan and ROK are unlikely to accept sole DPRK responsibility for safety, but DPRK will view participation by others as an infringement on sovereignty.)

-- North Korean financial obligations: are we seeking any in-kind repayment for the cost of the reactor or for the electricity generated?

-- Technical issues: From a technical standpoint, a standard LWR is too large for the North Korean electrical grid. One solution is to connect the LWR to South Korea and sell some of the power (this also could help pay for the reactor). On the other hand, this adds political complications and additional costs for the power transmission lines.

-- Commercial/legal issues: We need to identify any additional terms or conditions that U.S. or ROK contractors will require to participate in the LWR project. Need to have in-depth consultation with experts, and, as appropriate, with potential contractors.

- Need to identify whether we need a U.S.-DPRK nuclear cooperation agreement, and if so, how we will negotiate and obtain Congressional approval for such an agreement.

3. Backstopping the Next Phase

- Our current negotiating and policy development process needs to be strengthened by adding project management, international finance and related legal expertise. This means hiring consultants in the near term, but staffing up appropriately as we move forward to implement the LWR project.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

October 18, 1994

PRESS BRIEFING
BY
AMBASSADOR ROBERT GALLUCCI

The Briefing Room

5:13 P.M. EDT

AMBASSADOR GALLUCCI: I hope you all got that out of your system now, and you can be gentle with me.

I would like to make a few comments about the agreement itself. The President put it in a broader strategic context of our national interests in nonproliferation and regional security. I want to say a word or two about the substance of the agreement and then try to answer your questions.

The agreement goes to concerns we've had about the North Korean nuclear program with respect to past activities, current activities and future activities. The question of what North Korea did in the past, how much plutonium it separated, is the issue that arose between the IAEA doing its inspections and DPRK finding that it would not accept what they called special inspections. That was brought to the Security Council, and that resulted in a number of Security Council presidential statements and resolutions.

The question of what North Korea did in the past can be resolved by the IAEA only if the IAEA has the access to the information in sites it needs. Under the terms of the agreement, that access will be provided. The DPRK will agree to the implementation of its full-scope safeguards agreement and whatever is required by the IAEA, the IAEA deems necessary to resolve the question of the past.

The implementation of that portion of the framework document takes place over a period of time. The implementation must be completed before significant nuclear components of the first nuclear reactor that would be constructed in North Korea are delivered.

The agreement envisions the provision of two light-water reactors, and the first point I'm making is that in the course of the delivery of components for that reactor, before any nuclear components are delivered, the question of past nuclear activities and the full compliance of North Korea with its IAEA safeguards obligations will be taken care of, will be addressed.

That's the question of the past. With respect to the present, North Korea has an operating, small five-megawatt reactor that produced the plutonium, however much plutonium they now have, produced the spent fuel that is now in the storage pond which contains 25 to 30 kilograms of plutonium. North Korea has also a reprocessing facility that they have expanded in capacity. This is the most -- these are the most significant components of the current nuclear program.

Under the terms of the agreement the current nuclear program is frozen. That means that the five-megawatt reactor will not restart. That means that the reprocessing facility will be

MORE

sealed and will not be operated again. That means that the fuel that is in the pond will stay in the pond. All these provisions will be monitored by the International Atomic Energy Agency, as the President said. That addresses the current problem of both further separation of plutonium from spent fuel and further production of plutonium in a nuclear reactor.

With respect to the future, the North Korean nuclear program includes two large gas graphite reactors, one rated at 50 megawatts electric, the other at 200 megawatts electric. If these reactors were to be completed, they would produce hundreds of kilograms of plutonium a year.

The spent fuel, as I said, that's in the pond, if that were to be reprocessed would right away be a source of plutonium for four or five nuclear weapons. This is the future problem that we are seeking to address, and under the agreement, the facilities that are under construction would be frozen. Under the agreement, all the facilities, the ones under construction and the ones currently existing in North Korea, would be dismantled over the course of the construction of the light-water reactor project.

The spent fuel that is in the pond not only will not be reprocessed, according to the terms of the framework document, but the North Koreans will agree to cooperate in the shipment of that spent fuel out of North Korea so there is no source of plutonium in North Korea.

This is the way in which we propose to address our concerns, as I said, grouping them into past, present and future.

The agreement, of course, provides that the North Koreans receive assistance from the international community in achieving legitimate energy objectives. A light-water reactor project roughly on the order of 2,000 megawatts or two 1,000 megawatt light-water reactors will be provided over a period of years. We would hope in the near-term to move to a contract phase and then for construction to begin.

As I think you know, we have -- the United States has been consulting with a number of governments about the financing of this project. We envision the Republic of Korea and Japan playing essential role in the financing and the construction of that facility.

In addition to the light-water reactor project, the framework document provides that the energy needs of North Korea that arise from the freezing and ultimate dismantlement of the nuclear reactors that would have produced energy, that those energy needs be addressed by the international community. Again, the United States will take the lead in supplying heavy oil over the next 10 years, or that period of time between now and when the light-water reactors might be expected to come on line. So we will, with other countries, attempt to meet the North Korean energy needs that they forego, energy that they forego as a result of the freezing of the reactors, either extant or under construction.

In addition, the framework document provides for what we call a negative security assurance, assuring that the United States, with respect to a party -- North Korea -- to the Nonproliferation Treaty will not, in essence, suffer the threat or use of nuclear weapons.

I think at this point I would stop. I would say with respect to the status of the agreement -- again, so you'll understand -- we are in ad referendum posture with respect to the agreement. As the President said, I would return on Friday for the purpose of signing the agreement.

Q What would the agreement provide if, in the future, we find that they did in the past succeed in creating a bomb? What, if anything?

AMBASSADOR GALLUCCI: Let's start with -- the language of the agreement requires that the DPRK come in full compliance with its safeguards obligations and its treaty commitments. As a party to the Nonproliferation Treaty, North Korea cannot possess a nuclear weapon. There are other things it cannot do, but certainly it cannot possess a nuclear weapon. Under the terms of the agreement, if it has any plutonium, that plutonium would have to be subject to IAEA safeguards.

In the real world in which we live, we have had cases -- South Africa is one; Romania is another -- in which states have revised their declaration of nuclear material and come into full compliance.

If, in fact, it turns out as a result of inspections -- perhaps special inspections of those sites, if the agency at that time still requires it -- and if, as a result of those inspections they determine that there is additional plutonium that was not previously declared, the North Koreans would be obligated under the safeguards agreement to declare that material and have it subject to safeguards. Obviously, if the proposition is that they had produced a nuclear weapon, that nuclear weapon would have to be disbanded; material in it would have to be subject to IAEA safeguards.

Q Do you really believe that that would happen? Do you really believe that they would, first of all, admit to what our own intelligence believes they already have and then dismantle it or permit it to be subject to safeguards?

AMBASSADOR GALLUCCI: I, in fact, don't know whether North Korea has a nuclear weapon. I don't know whether North Korea has enough plutonium, has separated enough plutonium for a nuclear weapon. There are good reasons why a technical analysis of the evidence available could lead one to conclude that they have more plutonium than they'd declared, and we certainly could not exclude the possibility that if they had more, they had enough for a nuclear weapon. We don't think they probably had enough for more than one, and we can't exclude the possibility that they constructed a nuclear weapon. All those are possibilities.

This agreement provides for the North Koreans to do a great many things that are in our nonproliferation interests, are in the interest of peace and security in the Korean Peninsula and Northeast Asia. It also provides for North Korea to receive a great deal in the way of things it values.

The light-water reactor project -- we are using a rough, round number of \$4 billion to describe the value of that project. We are talking about, in the context of the agreement, an improved relationship with the United States and the rest of the international community; improved economic, political and diplomatic relations. The North Koreans are well aware that if they wish to move down that road they are going to have to reconcile themselves with the international nonproliferation community, and that means that the nuclear issue is truly going to have to be resolved. This agreement, I think, whatever one may say about it, leaves one with no doubt that those objectives cannot be achieved by them unless the nuclear issue is finally resolved. And it's the best way for me to answer that question.

Q Did they agree to the principle, the general principle of special inspections, or is it specifically just the two

suspect sites? In other words, at any point in the future, can there be -- would they agree to have special inspections?

AMBASSADOR GALLUCCI: The framework document has the North Koreans both agreeing to accept their obligations under their safeguards agreement, which provides for the concept analytically of special inspections, and also, with reference to questions about their initial inventory, to accept whatever measures the IAEA may deem necessary. We know so far what the IAEA has deemed necessary.

Q Ambassador, how long will it take before the first special inspections of the two nuclear waste sites are completed? When will they begin and when will they be completed?

AMBASSADOR GALLUCCI: There are two way of answering your question. One is precisely in the way in which it is put in the framework document, and that is, to put it in terms of the particular point in the course of the construction of light-water reactor project. The framework document provides that before the DPRK can receive any significant nuclear equipment -- and that is generally defined as any equipment which is carried on the nuclear suppliers guidelines trigger list, any sensitive nuclear equipment for that nuclear reactor -- they must resolve the safeguards issue.

The question then can turn on the point of how many years in the course of the construction of a light-water reactor project in North Korea will pass before the point in the normal construction of a light-water reactor one could expect the delivery schedule to call for the delivery of significant nuclear components. We have been estimating, and this is just an estimate, that about five years is probably right. But there are an awful lot of assumptions about the infrastructure in the DPRK and about when we actually go to contract.

I want to make a point about this because I recognize that, as I say that we have achieved the objective of resolving the past, that some of you may think that five years is a long time to wait for that resolution. A couple of points about that.

First, the North Koreans have all along taken the position that they would never permit these inspections. I think you all know that. And they have, in the context of this settlement, moved substantially from that position to saying they would indeed accept the special inspections. That's the first point. We didn't lose anything in this agreement. We didn't have them accepting special inspections; we now do. And we have good reason, and we've provided a good incentive for them to make good on that commitment. That's the first point.

The second point is there are a lot of things that we cared about in terms of time that needed to happen quickly or not happen quickly. We wanted to make sure that that reactor didn't start up and start producing more plutonium. We wanted to make sure the spent fuel didn't move into the reprocessing plant. We wanted to make sure that they didn't finish the construction of those reactors. All that needed to happen immediately. And the framework agreement provides for all that to happen immediately.

It is one thing in a technical sense we didn't need to happen immediately -- that's special inspections. Those radioactive waste sites aren't going anywhere. The analysis that the agency would conduct at those sites can be conducted just as well five years from now as they can today.

This is not -- what I'm saying -- comparable to what the North Koreans did when they discharged the fuel from the reactor into the pond, if you remember, in May and June. That was a step that they took that caused some irrevocable damage to one of the

methodologies of the IAEA to determine the past. In this situation, technically we can afford to wait. Politically, in the context of this agreement, we believe this is the right way to proceed.

Q Ambassador Gallucci. Two things. Are you sure, A, that the spent fuel is still in the pond, and, B, are you confident that the IAEA will be able to find whatever it needs to find in the course of inspections, or can, as some people fear, certain things be well hidden?

AMBASSADOR GALLUCCI: Let's start with the first point. As some of you know, the International Atomic Energy Agency has had inspectors in continuous presence, which is quite an unusual safeguards measure, but in this circumstance, not one that any of us thought was inappropriate. So the inspectors are there and it is not hard to determine whether spent fuel bundles are sitting in a pond of water. That's been done, and they are still there.

And those inspections, as required by the IAEA to assure that there's no material diverted, will continue. There's nothing lost in terms of inspection presence, and we have no doubt about the capability of the Agency to do that -- in other words, to make sure the reactor doesn't start; to make sure the reprocessing plant is sealed and not used; to make sure the fuel stays in the pond. We're quite confident of that. Indeed, to make sure that the construction on those facilities is frozen. That's something that we, through our own national technical means, also can help confirm.

Now, with respect to the future activity, the Agency will have, under the framework document, the access it needs to do what is asked of it in the agreement. Those words are close to the words of the agreement. So I don't think we have any doubts about the Agency's capability to do what's being asked of it.

Q Mr. Ambassador, you said that North Korea will get a great deal out of this agreement -- the \$4-billion reactor, improved ties with the West -- for doing what they were supposed to do anyway under previous treaty obligations. Why should one not conclude that North Korea has successfully blackmailed the world? And why shouldn't a dictator in some other country take heart from this?

AMBASSADOR GALLUCCI: The assumption of the question is incorrect. The agreement provides for many things that the DPRK under its international obligations are not required to do. What the DPRK was required to do under its international obligations was to accept inspections as required by the IAEA, the so-called special inspections, and to come into compliance with its full-scope safeguards obligations. That is something that is required to do; And indeed, under this agreement, it must do.

But we were concerned about the reprocessing of the spent fuel. We were concerned about the production of more of this material in the reactors. We were concerned about the continued construction of reactors which would -- and this is no exaggeration -- produce over the next five or 10 years perhaps thousands of kilograms of plutonium, enough for hundreds and hundreds of nuclear weapons.

It may be difficult for a lot of people to comprehend, but all that activity, all that plutonium production, is not inconsistent with IAEA safeguards or NPT obligations. The only way to get at that nuclear program, which provides an opportunity to produce nuclear weapons, is to get the North Koreans to abandon its nuclear facilities. That is what the arrangement where the international community provides light water reactors -- that is the trade-off you should consider. That is how you should assess the assistance in alternative energy, conventional fuel. That is how you

should assess the cooperation that the South Koreans and the Japanese and the rest of the countries who participate in that project should assess their willingness to do this in terms of their desire to get out a nuclear program which otherwise would have gone rampant.

Q Why do you think they agreed to agree? And how much of a possibility would this have come about without the intervention of Jimmy Carter?

AMBASSADOR GALLUCCI: It seems to me -- let me take the last part of that question first -- that we were headed down the road to sanctions this summer; that that was a course that we were put on because of what the North Koreans had done in May and June. It appears that at that moment when we were, I think, moving successfully to get the necessary votes in the Security Council, President Carter went to North Korea, and then President Kim Il Sung decided that he would indeed freeze the program and go back to negotiating table. And I think President Carter played a key role in moving them from one position to another position.

That's a personal judgment, and I don't know that anybody really knows the answer to why the North Koreans do what they have done before, which is the beginning of the answer to the first part of your question of why did they do this now. I mean, in short, as I've always said, I don't know why, exactly. It seems to me that the North Koreans do have an interest in a political and economic opening. They do have long-term energy needs, and we are addressing those needs. They are giving up a nuclear program that posed an enormous risk to South Korea, to Japan, to Northeast Asia, and to the international nonproliferation regime.

I think this -- honestly think that this agreement is in their interest, but very much in the interests of South Korea, Japan and the United States and the rest of the world.

Thank you very much.

END

5:32 P.M. EDT

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NSC/RMO PROFILE

RECORD ID: 9408568
RECEIVED: 20 OCT 94 16

TO: PRESIDENT

FROM: KIM YOUNG SAM

DOC DATE: 19 SEP 94
SOURCE REF: 9424008

KEYWORDS: NON PROLIFERATION
KOREA NORTH

KOREA SOUTH
HS

PERSONS:

SUBJECT: SOUTH KOREAN PRES KIM LTR RE NORTH KOREAN NUCLEAR ISSUE

ACTION: APPROPRIATE ACTION

DUE DATE: 24 OCT 94 STATUS: S

STAFF OFFICER: PONEMAN

LOGREF:

FILES: PA

NSCP:

CODES:

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

FOR ACTION
PONEMAN

FOR CONCURRENCE
AOKI
KRISTOFF
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FOR INFO
GOTTEMOELLER
GRAY
SENS
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WALES
WOLIN

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White House Guidelines,

September 11, 2006

By  NARA, Date 08/28/15
2009-0528-F

COMMENTS: _____

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DOC 1 OF 1

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United States Department of State

Washington, D.C. 20520

October 19, 1994

MEMORANDUM FOR: Mr. William Itoh
Executive Secretary
National Security Council Staff
The White House

SUBJECT: Alerting NSCS on Presidential
Correspondence

Enclosed is the original of a letter to President Clinton from South Korean President Kim Young Sam which is transmitted for your information.

This correspondence was received in the Information Resources Management Section of the Executive Secretariat on October 19, 1994. A copy has been assigned to the appropriate bureau for action.

A handwritten signature in cursive script, reading "Harlan Wood".

Chief, S/S-IRM/RMD
Information Resources Management Section
Records Management Division
Executive Secretariat
647-2991

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Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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006a. letter	President Kim (ROK) to POTUS (English translation) (2 pages)	09/21/1994	P1/b(1)
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COLLECTION:

Clinton Presidential Records
National Security Council
Steven Aoki (Nonproliferation and Export Controls)
OA/Box Number: 711

FOLDER TITLE:

NorthKorea - Framework [10]

2009-0528-F

kc1599

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
006b. letter	President Kim (ROK) to POTUS (Korean) (2 pages)	09/21/1994	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Steven Aoki (Nonproliferation and Export Controls)
OA/Box Number: 711

FOLDER TITLE:

NorthKorea - Framework [10]

2009-0528-F
kc1599

RESTRICTION CODES

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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]
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TO: PRESIDENT

FROM: D'AMATO, ALFONSE M

DOC DATE: 14 OCT 94
SOURCE REF:

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ACTION: PREPARE MEMO FOR LAKE DUE DATE: 24 OCT 94 STATUS: S

STAFF OFFICER: SATTERFIELD 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
SATTERFIELD

FOR CONCURRENCE
AOKI
DANVERS
HALPERIN

FOR INFO
CLARKE
INDYK
LAIPSON
PONEMAN
SENS

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSGP CLOSED BY: DOC 1 OF 1

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United States Senate
WASHINGTON, DC 20510-3202

94 OCT 18 P5: 47

October 14, 1994

President Bill Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

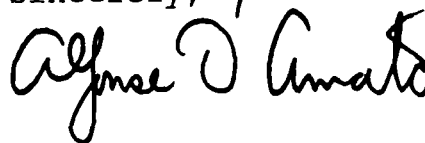
Dear Mr. President:

During the Presidential campaign you expressed support for an international oil embargo against Libya to force it to comply with U.N. Security Council Resolutions 731 and 748. November 14 will be the third anniversary of the U.S. indictment of the two Libyan suspects in the case and December 21 will be the sixth anniversary of the bombing of Pan Am Flight 103. Mr. President, in light of your campaign promise to the parents of Theodora Cohen to pursue this issue, why have you not taken action to punish Libya for its complicity in this attack, or even worked for an international oil embargo on Libya?

Since the imposition of the U.N. sanctions, Libya has not moved one inch towards meeting any of the demands called for in United Nations Resolution 731. With the upcoming review of the Libyan response to the sanctions, it is plain to see that Libya has no intention of fulfilling the demands of the United Nations. It is also obvious that Libya will continue to flaunt the sanctions and dodge its responsibility for the terrorist acts which caused the death of 447 people in the bombings of Pan Am Flight 103 and U.T.A. Flight 772.

I urge you to seek an international oil embargo against Libya to deny it the lifeline that has kept that nation afloat despite a long economic embargo. Until Muammar Qadaffi understands that the world will no longer allow him to sponsor and use terrorism as a tool, harsher sanctions such as this must be imposed. If we fail to take action, then we will grant other terrorist nations a green light to sponsor other terrorist acts against our people.

Sincerely,



Alfonse M. D'Amato
United States Senator

AMD:gjr

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

October 21, 1994

PRESS CONFERENCE BY THE PRESIDENT

The East Room

2:32 P.M. EDT

THE PRESIDENT: Good afternoon. Ladies and gentlemen, when I became President, I did so with a commitment to help more Americans seek a higher education, because it was important for our people and important for our long-term economy.

A big part of the problem of getting more Americans into college and having them stay there has been the broken federal college loan program. It's too expensive; it did not provide eligibility for too many middle-class people; and there were too many people who didn't go to college or, having gone to college, dropped out, because they never thought they could meet their repayment options. There were others who were frustrated because they thought they couldn't take a job they might want because they simply wouldn't earn enough money to meet their repayment obligations.

Today, I want to talk about what we have done to fix that system. We already give Americans looking forward to their retirement the chance to save in what we called an Individual Retirement Account. Now, we offer people at the beginning of their careers the chance to pay for college in what we call Individual Education Accounts. Here's how it works.

The Individual Education Account enables you to borrow money for college and then to determine how best to pay it back in the way that best fits each individual's needs as their work life changes. There will be four ways to repay the accounts, and people will be able to switch back and forth among payment options at any time and at no cost, depending on what's best for them.

Under one option, you can simply pay a fixed amount back on your loan over 10 years. Two other options will permit people with very high debts to spread their repayments over a longer period of time. And as I promised during our campaign, people will be able to pay back their debts as a percentage of their incomes for the life of the loan.

This income contingent repayment, or pay-as-you-can option will give people the chance to start a business, do community service, work as teachers, police officers or in other public service-oriented employment, and make payments in smaller amounts in the early years if their wages are lower.

Our plan eliminates the middle man in the student loan process, who used to impose enormous and inefficient transactions costs and, in so doing, to save \$4.3 billion for U.S. taxpayers and \$2 billion for students in lower loan fees. It means that more people will be able to borrow in a simple, fair and affordable way.

Over the next few years, as part of our larger school reform, named for Congressman Bill Ford, who's retiring this year, every American will be eligible for an Individual Education Account. Already, 300,000 students have taken out these new college loans. By

MORE

next year, 40 percent of all of our colleges, some 1,500 of them, will be enrolled. In January, we'll announce a phased-in plan to allow millions of people who have already borrowed for their educations, to consolidate loans into an individual education account and get the benefits of these new repayment options.

As more and more middle-income Americans will discover, this is a very good deal, which is a very important part of America's long-term strategy for economic health.

Unfortunately, there are those who don't support this approach and want to take us back to the days when working families couldn't afford to send their children to college. Every single one of our political opponents voted against the college loan reform plan. Most of them have now signed a contract telling us what they would do if they controlled Congress. They would give a \$200 billion tax cut to the wealthiest Americans. They would explode the deficit and, to help pay for their promises, they have made a specific pledge to cut the student loan programs for three million American student borrowers every year. Well, our contract is with the future. I don't want to go back, and I don't believe the American people will support this approach.

Ten days ago I got a letter that shows how important this issue is. A 16-year-old boy named Artur Orkisz, who immigrated here from Poland just four years ago, attends Elk Grove School in Des Plaines, Illinois -- here's what he wrote me about his dream of going to college.

"Since I came to the United States my dream has been to attend a school like Harvard or Stanford. I rank number one in my class, but I know for a fact my parents are not going to be able to pay my tuition if I should get accepted to a good university. I'd like to know if students not as rich as others will get the opportunity to fulfill the American Dream and graduate from a great university."

Well, Artur, if you're listening, I got your message and the Individual Education Account will help you get your wish.

Before I take your questions I'd like to say just a word about the framework with North Korea that Ambassador Gallucci signed this morning. This is a good deal for the United States. North Korea will freeze and then dismantle its nuclear program. South Korea and our other allies will be better protected. The entire world will be safer, as we slow the spread of nuclear weapons.

South Korea, with support from Japan and other nations, will bear most of the cost of providing North Korea with fuel to make up for the nuclear energy it is losing. And they will pay for an alternative power system for North Korea that will allow them to produce electricity, while making it much harder for them to produce nuclear weapons.

The United States and international inspectors will carefully monitor North Korea to make sure it keeps its commitments. Only as it does so will North Korea fully join the community of nations.

Terry.

Q Mr. President, when you met last January with President Assad of Syria, he said that peace with Israel is a strategic option. And you said that he was taking the risks for peace. Has he followed through on that? Do you think that he's been forthright enough? And when you go to the Middle East next week, what can you do to break this impasse between Syria and Israel?

THE PRESIDENT: Well, I can say that there has been progress in the negotiations between Israel and Syria. Let me also say in general terms why I'm going there.

As you know, I and my administration have worked very hard for a comprehensive peace in the Middle East. It is very much in the interest of the United States. I have been invited by King Hussein and Prime Minister Rabin to be at this signing, and I think it's important that particularly now, with the violent reaction to the efforts at peace, that the United States stand shoulder-to-shoulder with our friends and allies who are taking such terrific risks to make peace.

While I am there, I will visit Syria because it is my judgment that the visit will further the goal of an ultimate peace agreement between Israel and Syria. And until that is done, we will never have comprehensive peace in the Middle East. There has been some progress in the negotiations, which are, as you know, candid and confidential between the two. I think there will be more progress. I want there to be more progress, and I think this visit will further it.

Q I have a three-part question. In the overall sense, what do you expect to achieve from this trip? In view of the recent incidents are there real security concerns? And in the interest of reconciliation, will you try to persuade Israel to release some of the thousands of political Palestinian prisoners that it still holds?

THE PRESIDENT: First of all, let me begin with your second question. I have confidence in the security capacity of the governments that I will -- and the countries that I will visit, and in, of course, the work of our own Secret Service. And I think it is terribly important, especially since there have been violent reactions from the enemies of peace, that the United States stand with the friends of peace and the champions of peace at this time. It is even more important than it would have been a few days ago that I go there, and that our country stick up for this.

Secondly, what I hope to achieve is to continue to further the peace process. This peace treaty is a huge step forward. I will have the opportunity in Cairo to meet with President Mubarak and Mr. Arafat. I will have a chance there to talk about the importance of implementing fully the PLO-Israel accord. I will have the opportunity to go to Syria. As to what specific things I will discuss with Prime Minister Rabin and others, I think it's better for me to have the conversations and discuss it later.

Q -- be trying to move everything forward?

THE PRESIDENT: I will definitely be trying to move everything forward. My purpose in going there is, first, to stand with our friends at this moment when they're standing up for peace, and the enemies of peace are trying to derail them; and, secondly, to move the peace process forward.

Q Mr. President, how difficult a decision was this to go to Damascus, since your own State Department still lists Syria as a country that supports international terrorism? And a related question -- only this morning, there were Katiusha rockets landing from Southern Lebanon, an area dominated by Syrian control, landing in Northern Israel. How do you believe that this will advance the peace process? And do you have any assurances in advance from President Assad that he's willing to go further now than he went in Geneva earlier this year?

THE PRESIDENT: First, I think that with regard to the Katiusha rockets, I think that matter will be resolved between the

parties involved before the trip develops. Secondly, with regard to meeting President Assad, even though Syria is on the terrorist list, that remains an issue between our two countries. It is a serious issue. It has been constantly discussed between us, and it will continue to be. But I do not believe that we can permit it to keep us from pursuing a comprehensive peace -- as long as nothing in our peace agreements undermines our commitment to end terrorism.

So I believe that anything I can do, just as I did when I met with President Assad in Geneva, to further the peace process is something that ought to be done. And I believe that meeting with him and talking with him and working with him, we will continue to make some advances.

Q Mr. President, what can the United States do to make sure that Hamas is not getting money from organizations here in the United States, not recruiting people and training people here in the United States? And are you satisfied with Yassir Arafat's response so far, in his willingness to really crack down on Hamas and other terrorist groups?

THE PRESIDENT: We can, here, do everything we can through the FBI and our other law enforcement agencies to make sure that we're handling any possible illegal activities in the United States redounding to the benefit of Hamas vigorously. And just in the last week I have given instructions to the proper federal agencies to redouble our efforts in that regard.

With regard to your question about Mr. Arafat, I do believe, and the Israelis believe that he did his best to support them with good intelligence when Corporal Waxman was captured and held hostage. And I believe that in the wake of the killing of Corporal Waxman, the determination of the PLO to distance itself from Hamas and to enforce the law within its territories has stiffened; and I think it will continue to stiffen.

Q Do you think that he has cracked down sufficiently in the Gaza, especially regarding this latest incident?

THE PRESIDENT: I think that he's moving in the right direction. One of the things that we are always trying to determine in this moment when they're taking over in the West Bank and Gaza is the capacity of the Palestinian government, the PLO government to do that work, and we're trying to support an increase in that capacity. I can say that I believe that they're moving in the right direction.

Q Mr. President, having spent hundreds of millions of dollars to restore democracy to Haiti, why is it necessary for American taxpayers to spend still more, renting the homes that Raoul Cedras left behind? I realize it's a relatively insignificant sum, but isn't that adding insult to injury?

THE PRESIDENT: Well, first of all, I don't think it's an insult that we spent the money to restore democracy to Haiti. Let's look at what has happened in the last four weeks. We have restored democracy, the military dictators have stepped down, the military dictators have left Haiti. President Aristide is rebuilding his government, the economy is beginning to be rebuilt, people are being put to work at rebuilding the country.

This is a signal triumph for the men and women in uniform who are down there and the work that they have done, and it is a very important lesson in what can be done to promote democracy and to end human rights abuses.

Now, with regard to the houses, let me just say that the United States and other countries that are with us on the coalition are not in the business of expropriating people's property. And when

you make people leave their home, something, arguably, should have been done. The only instruction I gave was that nothing could be done that would exceed the fair market value of the property -- that was the rule under which the State Department was operating anyway -- and that some use had to be made of it. So they're either going to use it, or turn around and release it so that the taxpayers in this country aren't disadvantaged by it.

But I think that this policy has been phenomenally successful in terms of saving lives, not putting Americans unduly at risk, and moving this country's objectives forward. And I think the American people should be very proud of it.

Q Mr. President, during the last Persian Gulf crisis, the Bush White House at times suggested that Saddam Hussein should be overthrown. What's your assessment of the internal situation in Iraq now, and do you think Saddam Hussein should be overthrown?

THE PRESIDENT: Well, the Bush White House also made it clear that a condition of their international coalition was that they would not do the overthrowing. My position is that we should keep the pressure on that regime as long as it is out of compliance with U.N. Security Council resolutions. And there are obviously costs to the regime internally from that pressure. And that is the consequence of the misconduct of Saddam Hussein. And the immediate threat is receding. The withdrawal above the 32nd Parallel is nearly completed.

But we will maintain the deployment at the level we have it now for a while. We will watch the situation. I am gratified by the United Nations Security Council resolution unanimously condemning that conduct. There is no question that internally the pressure will continue to build up unless Saddam Hussein decides to do the right thing and fully comply with the Security Council resolutions.

Q And your assessment of the internal situation there?

THE PRESIDENT: Your assessment might be as good as mine. I think there are extra pressures on them. And I think that those are creating some difficulties, but I don't want to predict what would happen within Iraq.

Q Mr. President, to change to domestic policy -- or politics. For the first time in 40 years, a multitude of polls are suggesting that more Americans are prepared to vote for Republicans in congressional elections than Democrats. Can you explain why that's happening for the first time since the Truman administration, and to what degree you believe your administration is responsible for it?

THE PRESIDENT: Well, I think it's changing in the last few days and we didn't want to peak too soon. (Laughter.) Let me say, just on a brief, serious note -- one of the things that we know is that Americans almost always do the right thing when they have all the information. We know that Americans literally don't know a lot of what went on in Congress, who was responsible for what, and what's happening now.

As more and more Americans find out between now and Election Day, that our administration, working with our allies in Congress, did things to make government work for ordinary Americans -- like the middle class college loans, the family leave law, the Brady Bill, immunizing kids under the age of two; a dozen more things -- and that these things were uniformly opposed by the Republican congressional leadership, and sometimes by all Republicans; that the Republicans killed the Superfund law to clean up toxic dumps and all the political campaign reform laws, and now have a contract that

would take us back to the trickle-down economics of the '80s, explode the deficit, ship jobs overseas and cause the cuts of Medicare and all other government programs, including student loans -- and they talk tough on crime, but they've got a plan to cut the crime bill and make sure it can't be funded and police officers can't be put out there -- I think the voters will change their minds. And I think that when Congress went home and the American people now have a change to hear the debate and hear both sides, if we can get the evidence and the arguments out there, I feel quite confident that they'll do the right thing.

Q You and other Democrats around the country have been complaining about the contract that -- the Republican's Contract with America -- that it would cut Medicare steeply. Can you say that you would not propose to cut Medicare next year?

THE PRESIDENT: You know what my position is. My position is that any Medicare savings that we can get from managing the program better should be put back into providing for the health care needs of our country. That was my position; that's the position that I offered in the health care debate, and that's still my position.

Q President Clinton, there have been a lot of reports coming out about you meeting with former Governor Wilder. Can you tell us whether the subject of an ambassadorship for him to an African country ever came up during that recent meeting in exchange for any promise he made to endorse Chuck Robb? And what do you think of the comments that candidate Oliver North has been coming up with, suggesting that there should be some kind of investigation of the meeting, that you may have broken the law during that meeting?

THE PRESIDENT: Well, first of all, there was absolutely no discussion along the lines you mentioned of an ambassadorship to an African country in return for his endorsement of Senator Robb; that just did not happen. I would not do that, I would never be part of that, and that did not happen. The Vice President spoke to it today; I will tell you again: that did not happen. It did not happen.

Now, you know, Oliver North says a lot of things, and you know, if you've got \$17.5 million to buy your own version of the truth, then you don't have to be held, apparently, to the same standard that other people do. I noticed the other day he said that I wasn't his commander-in-chief, and someone asked me if it bothered me. I said, it didn't bother me nearly as much as the fact that he didn't act as if Ronald Reagan was his commander-in-chief, either, when he had a chance. (Laughter.) So, I don't know what else to say about Mr. North.

Q Mr. President, you've been able to report advances in foreign policy across a number of fronts, some that you've mentioned here today. I doubt anyone here would have anticipated two years you would be spending next week, the week before the election, out of the country. Obviously, historic events have something to do with that, but I wonder if your attitude toward the role of foreign policy in your presidency and your absorption with it and interest in it has changed or grown.

THE PRESIDENT: I wouldn't say that, but what is happening now with regard to Haiti and Korea and Iraq in the sense that Iraq is an example of our increased mobility as a result of commitments we made in the defense budgets, what happened with the Chinese commitment to comply with the missile control regime and not to sell dangerous missiles to its neighbors, a lot of these things are the accumulation of two years of hard work, trying to fashion the national security of the United States and advance the economic interests of the United States and advance democracy in the post-

Cold War world. And it is all -- a lot of these things have come together in a short time. But we have been working on them for quite a long time now, and it's just -- I think, to some extent, a simple coincidence that the benefits of these long efforts are coming to fruition now.

You're right -- I never would have anticipated going to the Middle East at this particular season, but I think it would be wrong for me not to go, particularly for the reasons I just said at this moment. I think it's important.

And one of the things I tried to say in the election campaign that I'd like to reiterate -- I wish it were possible for the American people to believe what I believe about this, which is that there is no simple and easy dividing line between domestic policy and foreign policy, that in a global economy, a global society where everything is so interrelated, we can't be strong abroad if we're not strong at home, but we cannot maintain our internal strength and our values unless we are secure and strong beyond our borders.

Q Mr. President, Washington is becoming an issue in this campaign. The latest thing is that a candidate in Oklahoma says there are no normal people here. (Laughter.) You've lived here almost two years now. I wonder what you think of Washington. (Laughter.)

THE PRESIDENT: I would be glad to testify in court that I think you are a normal person. (Laughter.) I don't know. I think there is a bunch of normal folks here, but I think this atmosphere is sort of abnormal. The thing that I think is bizarre, though, is I think the American people need to have their antenna up when they hear that, especially since Mr. Gingrich had already said in his meeting with the Republican professional politicians that his mission in life was to convince people that I was the enemy of normal Americans. So I would just caution the voters everywhere in this country, and when they hear somebody say there's no normal people in Washington, a lot of the people that are saying it are the people that have done their best to hang on to every last job they could get in Washington in the Executive Branch for two, three decades now.

So the atmosphere is abnormal, and that makes the people sometimes do and say weird things. But there's a lot of fine folks here, and what we ought to do is kind of get together and do better.

Q Mr. President, notwithstanding the problems all around the world, there are pernicious social problems here in the United States. And many of these problems, in many views, are breaking down along racial lines. Indeed, some people say that the progress of the '60s has been upset and overturned, that the great divide between black and white is worsening, widening. And lately, there is a new book out that suggests that these problems, these conflicts may be inherent, and we may be doomed to them. What do you think about race as it applies to the social problems? And what can you do, what can a government do to try and fix some of it?

THE PRESIDENT: Well, if you're asking me first of all about Mr. Murray's book, I haven't read it. But as I understand the argument of it, I have to say I disagree with the proposition that there are inherent, racially based differences in the capacity of the American people to reach their full potential; I just don't agree with that. It goes against our entire history and our whole tradition.

I also think if you -- let's just take the social problems. And I guess -- I don't want to overly digress; I know a lot of you have a lot of questions, but this is a huge deal. I don't know if you saw the piece in The Wall Street Journal not very long

ago where black Americans and white Americans were polled about the social problems generally -- crime, family breakdown, drugs, gangs, violence, welfare dependency -- the aggregate of them overwhelming majorities agreed that these were the great problems of our country. And they've been developing for 30 years now. Then, overwhelming majorities agreed that we needed to reform the welfare system to move people from welfare to work.

The great divergence came when one group said that this was caused because of the loss of economic opportunity, and the government had a responsibility to rebuild it; and the other group said, no, this is caused by an escalating amount of personal misconduct and people needed to change their personal behavior. In other words, the government can't do anything about it.

I would like to make the following points: I think both groups are right and both groups are wrong, number one. Number two, there's not as much racial difference here as you think there is. And let me try to illustrate it by starting at the second point.

The out-of-wedlock birth rate in the aggregate in the United States is today about 30 percent. It is higher for African American young women -- that is a birth where there was never a marriage -- than it is for white young women, but it is rising faster among whites than among blacks -- markedly faster. And it seems to be far more tied to poverty and lack of education and lack of being connected to the future than to race.

Number two, it is plain that we are dealing with both the loss of economic opportunity and a changed set of social mores; a changed sense of what is right and wrong, what is acceptable and unacceptable. And I believe we need to change both.

What can the government do about it? What can the President do about it? First, we can try to bring this economy back. In 1994, we've had more high-wage jobs created in our economy than in the previous five years combined. This is the first year when over half of the jobs coming into our economy are above average wages.

Number two, as all of you know, I have signed laws to create community development banks and empowerment zones in our inner cities to try to get investment back there, to give hope to people who have been left behind -- to try to do the economic mission. But having said that, to try to rebuild a society that has been pressured both in our inner cities and our isolated rural areas for a generation now -- we're talking about 30 years of serious pressure -- is going to take a concerted effort that starts with parents and churches and community groups and private business people and people at the local level. The federal government cannot be the salvation of that. We have to rebuild the bonds of society.

And everybody has a role to play. That's why -- I want to compliment -- Deputy Secretary Kunin is here -- Governor Kunin from the Department of Education. We signed the Elementary and Secondary Education Act today; we're kicking off the college loan program -- yesterday -- we're kicking off the college loan program today. One of the things in that act that Secretary Riley fought so hard for was the so-called "character education" provision, so that the schools can explicitly work with their communities and agree about what values need to be transferred to children through the schools, and promote them.

This is a very serious and complicated issue. I think it is a quick fix to try to break it down by race. I believe that the evidence is clear that what we ought to be working on is a way for every kid in this country to live up to the fullest of their potential. And that potential is quite extraordinary and they will do quite well without regard to race if we can attack these problems.

Q Mr. President, a question on the North Korean nuclear arms accord. Even before the ink is dry on that accord officials of the International Atomic Energy Association are complaining it denies them of a key right, that of special inspections. Doesn't this set a bad precedent for other countries with nuclear ambitions, such as Iran?

THE PRESIDENT: I don't think it does deny them special inspections. It commits North Korea first to freeze and then to dismantle -- something they've never committed to do before and something they weren't required to do under the NPT. It also commits them to ship out their spent nuclear fuel, to get it physically out of the country so they cannot do anything with it.

The question of special inspections, whether and when, is put off from the present. And that bothers some people, but if you consider the fact that the waste sites are not going anywhere, that the IAEA is going to be in the country, and that we have a commitment for a freeze and then a dismantling, and that if they ever violate it they won't get the benefits that they seek from it, it seems to me this is still a very good deal indeed. And I think that what we have to do is to work with the IAEA people who will be on the ground and work out the practical details of this.

Q Mr. President, related to Deborah's question, several years ago a Piscataway, New Jersey, school board had to lay off teachers. And it came to a white female teacher and a black female teacher. And rather than flipping a coin -- as it turns out, both had been hired on the same day so they had equal experience -- the school board fired the white teacher because of the color of her skin.

Now, your Justice Department originally opposed the school board in court, but has flipped recently. And I was wondering if you agree with that decision, if you think that we need more affirmative action acts like this, or whether that's a case of reverse discrimination.

THE PRESIDENT: I support the position as finally articulated, but I'd like to say it's a very narrow case. That is, if you have a school district where the children are overwhelmingly of one race or another and the faculty is as well, and you have two equally qualified people, and you stipulate that -- in this case, both sides in the lawsuit stipulated they were absolutely equally qualified -- then can trying to preserve some racial diversity on your faculty be a ground for making the decision as opposed to flipping a coin. As long as it runs both ways, or all ways, I support that decision. That is, there are other conditions in which if there were only one white teacher on the faculty in a certain area and there were two teachers, they were equally qualified, and the school board or the school administrator decided to keep the white teacher also to preserve racial diversity -- that is the position the Justice Department has taken. And on those very narrow grounds, I support it because both sides stipulated, both teachers and their lawyers stipulated that there was absolutely no difference in their qualifications for the job.

Q Mr. President, this is a political season and you've been out on the stump a fair amount. What is your prediction of how many seats the Democrats will lose in the House and the Senate? And do you think if the Republicans manage to win the House, given all the mean things that have been said this year, could you work with a Speaker Newt Gingrich? (Laughter.)

THE PRESIDENT: Well, you know, Newt's the person that said I was the enemy of normal Americans. I didn't say that about him. The American people have to make a judgment in the election. I

can tell you this: I believe with all my heart if the American people knew the record of our administration in making advances, making this government work for ordinary people, if they knew that; if they knew what we'd done to restore the economy, bring the deficit down, shrink the size of the federal government; if they knew what we'd done in passing the crime bill; and if they knew the extent to which the Republican leadership had opposed this every step of the way; if they understand what's in this contract; then if they know we have a contract with the future, that my only interest is in moving this country into the future in a stronger position, I don't believe we would lose seats at all.

Now, almost always at midterm the incumbent president's party loses seats. That's partly because there's a lag between when you do something and when people feel it. And, of course, this is an extremely contentious time. But I believe that that will happen. So what I'm going to do in the next two and a half weeks is to do everything I can to get as many voters as possible to know exactly what the facts are and what our vision for the future is. Then they will make their judgment. After they make their judgment, I will do everything I can to honor their judgment by fulfilling my responsibility, which is to challenge every member of Congress without regard to party and especially the leaders to work with me to make this country a better place. That's what I have always done, and that's what I will do.

Q Mr. President, now that the IRA and the loyalists paramilitaries in Northern Ireland have called a cease-fire, which has been today accepted by Prime Minister Major, can you say how soon the administration will have ready a package of economic incentives to help a peacetime Northern Ireland economy? And can you characterize the package? And can you also say what is now the United States' role in the talks that are going to take place regarding Northern Ireland?

THE PRESIDENT: Let me first congratulate the action which was taken and Prime Minister Major's response to it. I think both are very hopeful. And I am very glad that the United States has been able to be involved in this peace process in Northern Ireland. We will continue to be involved in it. And we certainly want to contribute to the development of Northern Ireland in ways that go beyond even what we've done already with the Irish American Fund. And there are a lot of private citizens in this country who are also really committed to that. And in the end, they will have the most to say about it because we need private enterprise development in Northern Ireland. We have looked at a number of options. We have not finalized any of them because obviously we want to wait for developments to unfold, until the appropriate point. We're a lot closer to the appropriate point today because of the announcements that have been made.

Q Mr. President, are you still committed to lifting the arms embargo against Bosnian Muslims unilaterally if you can't achieve it in the U.N. Security Council by November 15th, even though that might mean the evacuation by peacekeeping forces, a buildup by the Serbs, and alienation of our relations with the Russians?

THE PRESIDENT: Well, let's go back to the timetable first. Under the law that our Congress adopted that I agreed to, the compromise we worked out between the administration and the Congress, because the October 15th deadline has passed without an acceptance of the peace plan by the Bosnian Serbs, we are obliged to go to the United Nations with a resolution to lift the arms embargo through the United Nations, but at the request of the Bosnian government to delay it for six months, to give us six more months to work on the peace. That is our commitment. If that fails, we are then obliged to go back and consult with Congress to discuss whether we should have a unilateral lift.

I still believe that is a mistake. I have believed for more than two years that would be a mistake, because if we lift unilaterally it will cause the collapse of the United Nations mission. The people of the United States don't want our soldiers to go their alone to engage in a battle that is essentially a civil war. I am convinced that the United Nations troops, or most of them, will withdraw if there's a unilateral lift. And I am convinced that it will undermine our ability to work with other countries within the United Nations to resolve this. So I don't support that. But under the law I am obliged to bring that back to Congress and work it through.

But keep in mind, we still have six months to work through this in the United Nations at the request of the Bosnian government itself. So that's what we'll keep working on.

Q I want to ask you about Mrs. Clinton, if I may. What is Mrs. Clinton's professional role at this point? Will she be fully engaged in the health care bill after the next Congress? And does she have any other professional or political portfolio right now?

THE PRESIDENT: You bet she does. I mean, I think if you follow her schedule every day, you know what she's doing. And, of course, she will continue to be involved in health care. I would never call it a professional role except insofar as everything she does as First Lady is professional. But we intend to continue to work on the health care issue. I would remind you that another 1,100,000 Americans in working families lost their health insurance this year; that the new estimates are that unless we do something about the rising cost of health care, we will be spending well over 25 percent of our federal budget on health outlays early in the next century or the next decade now.

So we're going to have to face this. This is not a problem that's going to go away. It's going to keep rearing its head.

Q A year ago, you took a position on a California ballot initiative. Do you have any advice this year for Californians facing Proposition 187, which would deny benefits to illegal aliens and services? And do you have any concerns about the strong tie of anti-immigrant feelings that are in California right now?

THE PRESIDENT: Yes, I have concerns about it. I spoke about this briefly with USA Today a couple of days ago, but I'd like to talk about it a moment.

First, let me say the people of California and the people of the United States are right in wanting to eliminate illegal immigration and increase our ability to protect our own borders. Even against people that we welcome to our shores when they are legal immigrants. That was a part of the tension recently with regard to Cuba when we made the agreement to stop illegal immigration there. It was part of the early tension last summer with regard to Haiti. The people of California, therefore, are right to want that.

It is, on the other hand, a great mistake to be against immigration generally. We are a nation of immigrants. Practically all of us have forbearers who came from somewhere else. And from time to time, we have been greatly strengthened by immigrants. The fact that we have so many different people of different races and ethnic groups and religious backgrounds will be, I might add, an enormous strength for this country as we move into the next century and we get into a global economy.

Let me just give you one small example, and I will come back to 187. What other country besides the United States could have undertaken the operation in Haiti and sent Haitian American soldiers in uniform to Haiti to speak Creole to the citizens of that country? That's just one example. We're having the Summit of the Americas here in December. We can do that because Spanish is the second language of America now, and because of our growing involvement in the rest of the world. So we -- in being against illegal immigration, we should not be against immigration and the incredible source of strength that immigrants bring to our borders.

Now, what to do about it. I guess I've spent as much time working on California and the problems of California, the economic problems of California as any President ever has. It was my duty to do so. They've had so many problems, caused by the decline of defense spending, caused by the recession generally, coupled with the explosion of immigration and a whole range of other problems they have out there.

Look at what we have done. We have increased spending on the states to deal with the immigration problems by 32 percent since I've been President, even though we've been cutting overall spending. We've increased border guards by 30 percent. We put 1,000 more border guards on. We have doubled the border guards in San Diego. We've had -- San Diego and El Paso and Arizona. We've had very successful initiatives to slow the influx of illegal immigrants. We have toughened the penalties. We're beginning to send criminals who are illegal immigrants out of the country. We are the first administration every to give money to the states to deal with the criminal justice costs. We're spending money on health care and education never before spent. So we are doing things that have not been done.

Barbara Jordan just issued her commission's report. We have those recommendations under advisement. We are going to do some things that will continue to increase our capacity to reduce illegal immigration. That's what I think the right thing to do is.

I have some problems with 187. One is, even its supporters admit that it's unconstitutional. And I don't think as a matter of practice it's a good thing to condition an election referendum, much less other elections in California, on a measure that even the supporters say is unconstitutional.

Secondly, I think it presents significant risks. If you don't give the children health care, you can create health risks for the society generally. If you don't give the children education, and they're still in the country and you can't get them out, then they'll be on the street and the increased risks of crime or other antisocial behavior will go up. If you turn the teachers and other educators into instruments of a sort of a state police force, it's like bringing Big Brother into the schools.

I guess what I'm saying is, I sort of agree with what Jack Kemp and Bill Bennett said in their article about it. And I applaud them for saying it. I mean, this is an issue, again, where our parties ought to be together. Historically, both Republican and Democratic parties have been strengthened by our immigrants. And I think -- if the people of California would be fully candid, they would have to say that leadership decisions made in the past in California have actually facilitated illegal immigrations, when they were called undocumented immigrants, in ways that people in California thought were supporting the economic growth of California in good times.

So we need to back away and change our policy. But we don't need to do it in a way that is over-broad, that runs the risk of these problems and that is plainly unconstitutional, in my

judgment. And I have fought harder, I think, than any president to help California deal with the problems of illegal immigration. I just don't think that's the way to do it.

Thank you very much.

END

3:19 P.M. EDT