

FOIA MARKER

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Folder Title:

North Korea, 1995 [8]

Staff Office-Individual:

Asian Affairs-Kristoff, Sandra

Original OA/ID Number:

1040

Row:	Section:	Shelf:	Position:	Stack:
30	2	10	2	v

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. paper	Summary of Conclusions, Principals Committee Meeting, January 20, 1995. Record ID: 9520086. (2 pages)	01/20/1995	P1/b(1)
002. list	[CIA Act] [partial] (1 page)	01/18/1995	P3/b(3)
003. list	[CIA Act] [partial] (1 page)	01/11/1995	P3/b(3)
004. list	[CIA Act] [partial] (1 page)	01/17/1995	P3/b(3)
005a. memo	Phone Number. [partial] (1 page)	01/19/1995	P6/b(6)
005b. draft	Cable: U.S. Views. (3 pages)	01/19/1995	P1/b(1)
006a. memo	For Anthony Lake from Stevne Aoki. Subject: Next Steps. Record ID: 9500273 (2 pages)	01/18/1995	P1/b(1)
006b. memo	For the President from Anthony Lake. Subject: Next Steps. (4 pages)	01/18/1995	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Asian Affairs (Sandra Kristoff)
OA/Box Number: 1040

FOLDER TITLE:

North Korea, 1995 [8]

2009-0528-F

vz1464

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]
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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]

TO: LAKE

FROM: AOKI
PONEMAN

DOC DATE: 20 JAN 95
SOURCE REF:

KEYWORDS: KOREA NORTH
SOC

PC

PERSONS:

SUBJECT: SUMMARY OF CONCLUSIONS FOR 20 JAN PC MTG ON NORTH KOREA

ACTION: LAKE APPROVED RECOM

DUE DATE: 24 JAN 95 STATUS: C

STAFF OFFICER: AOKI

LOGREF:

FILES: IFG

NSCP:

CODES: DRK

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

FOR ACTION

FOR CONCURRENCE

FOR INFO

AOKI
DARBY
JOSHI
KRECKO
NSC CHRON
PONEMAN
ROTH
SODERBERG

DECLASSIFIED

E.O. 13526

White House Guidelines, September 11, 2006

By VZ NARA, Date 7/20/2012

2009-0528-F

COMMENTS:

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSDRS

CLOSED BY: NSKDB

DOC 1 OF 1

~~SECRET~~

~~SECRET~~

20086

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

January 20, 1995

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: DANIEL PONEMAN *SDS*
FROM: STEVEN AOKI *SD*
SUBJECT: Summary of Conclusions of the Principals'
Committee Meeting on North Korea

Attached at Tab I is the Summary of Conclusions of the
Principals' meeting held on January 20, 1995.

Concurrence: Stanley Roth *NR*

RECOMMENDATION

That you authorize William Itoh to file the Summary attached at
Tab I for record purposes.

Approve *GR* Disapprove

Attachment
Tab I Summary of Conclusions

DECLASSIFIED
E.O. 13526
White House Guidelines, September 11, 2006
By *VR* NARA, Date *7/20/2012*
2009 0528 -F

~~SECRET~~

~~SECRET~~

Withdrawal/Redaction Marker

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①

U.S. DEPARTMENT OF STATE
Office of the Spokesman

For Immediate Release

January 20, 1995

Easing Sanctions against North Korea

To implement the October 21, 1994 U.S.-DPRK Agreed Framework, we will take the steps listed below to ease economic sanctions against North Korea. These initial steps are in response to North Korea's decision to freeze its nuclear program and facilities and cooperate with the U.S. and IAEA to verify the freeze and ensure safe storage of spent nuclear fuel. Further relaxation of economic sanctions against North Korea will depend on further verified progress on the nuclear issue as well as progress in other areas of concern.

1. Telecommunications and Information: Authorize transactions related to telephone and telecommunications connections between North Korea and the United States, credit card use in connection with personal travel and other travel-related transactions, and the opening of offices by journalists.
2. Financial Transactions: Authorize the DPRK to use the U.S. banking system to clear transactions not originating or terminating in the United States. Unblock frozen assets where there is no DPRK government interest.
3. Other Trade: Authorize imports from the DPRK of magnesite, a refractory material used in the U.S. steel industry. North Korea and the People's Republic of China are the primary sources of natural magnesia and magnesite in the world market.
4. Other Steps to Implement the Agreed Framework: Authorize transactions related to the future establishment and operation of liaison offices in Washington and Pyongyang. Consider, on a case-by-case basis, participation by U.S. firms in the North Korean Light Water Reactor project, the supply of alternative energy, and disposition of spent nuclear fuel, as provided by the Agreed Framework, in a manner consistent with applicable laws.

EAF/K

1

Rules and Regulations

Federal Register

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

The Code of Federal Regulations is sold by the Superintendent of Documents. Prices of new books are listed in the first FEDERAL REGISTER issue of each week.

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Part 500

Foreign Assets Control Regulations; North Korean Travel and Financial Transactions; Information and Informational Materials

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule; amendments.

SUMMARY: The Treasury Department is amending the Foreign Assets Control Regulations (the "Regulations") consistent with commitments undertaken in the October 21, 1994 U.S.-Democratic People's Republic of Korea ("North Korea") Framework Agreement. In addition, the Regulations are also being amended to bring them into conformity with recent amendments to the Trading with the Enemy Act.

EFFECTIVE DATE: February 14, 1995

FOR FURTHER INFORMATION CONTACT:

Steven I. Pinter, Chief of Licensing (tel.: 202/622-2480), or William B. Hoffman, Chief Counsel (tel.: 202/622-2410), Office of Foreign Assets Control, Department of the Treasury, Washington, D.C. 20220.

SUPPLEMENTARY INFORMATION:

Electronic Availability:

This document is available as an electronic file on *The Federal Bulletin Board* the day of publication in the Federal Register. By modem dial 202/512-1387 or call 202/512-1530 for disks or paper copies. This file is available in Postscript, WordPerfect 5.1 and ASCII.

Background:

On October 21, 1994, the United States and North Korea agreed, in the context of broader negotiations, to begin reducing barriers to trade and investment. Based on these mutual commitments, the Regulations are being amended by (1) adding a new § 500.580 to authorize the clearing through the U.S. banking system of U.S. dollar transactions in

which North Korea or a national thereof has an interest; (2) adding a new § 500.581 to authorize transactions related to the operation of certain U.S. and North Korean diplomatic missions in the United States and North Korea; (3) amending § 500.563 to authorize all U.S. persons' transactions with respect to travel to, from, and within North Korea, including removal of restrictions on group travel and travel service providers (including travel agents, carriers, ticket agents and commercial and noncommercial organizations that promote or arrange travel) and removal of the prior \$200 per diem ceiling on expenditures; (4) amending § 500.566, regarding the authorization of travel-related transactions by North Korean nationals in the United States; (5) amending § 500.579 to authorize the case-by-case unblocking of certain funds which came into the possession or control of U.S. banking institutions through wire transfer instructions or check remittances in which North Korea or a national thereof has or has had an interest, provided no funds are transferred directly to the Government of North Korea, entities controlled by the Government of North Korea, or to persons in North Korea; and (6) removing § 500.564, regarding reimbursement of travel costs by foreign subsidiaries, and § 500.569, regarding group travel to North Korea, as no longer necessary.

Section 500.582 is added to the Regulations to provide a statement of licensing policy noting that specific licenses may be issued for the importation into the United States of North Korean-origin magnesite or magsesia, because the absence of North Korea as a supplier subjects U.S. importers to unreasonably high prices due to otherwise limited foreign sources. Section 500.583 is added to the Regulations to provide that specific licenses may be issued to authorize transactions necessary to establish offices in North Korea of U.S. news organizations and for offices in the United States of North Korean news organizations. Finally, § 500.584 is added to the Regulations to provide that specific licenses may be issued to authorize U.S. persons to participate in certain types of energy sector projects in North Korea with respect to the replacement of existing nuclear reactors with light-water reactor power plants.

Section 525(b) of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995, Pub. L. No. 103-236, 108 Stat. 474 (the "FRAA"), amended section 5(b)(4) of the Trading with the Enemy Act, 50 U.S.C. App. 5(b)(4) ("TWEA"), to expand the list of items defined as categories of informational materials to include compact

discs, CD ROMs, artworks, and news wire feed. In addition, section 5(b)(4) of TWEA, as amended, exempts from the authority granted to the President pursuant to TWEA the authority to regulate or prohibit, directly or indirectly, the exportation or importation, whether commercial or otherwise, of information or informational materials regardless of format or medium of transmission, except exportations that would be controlled pursuant to national security, nonproliferation, or antiterrorism provisions of the Export Administration Act of 1979, 50 U.S.C. App. 2401-2420, or espionage provisions of 18 U.S.C. chapter 37. Section 500.571 of the Regulations is being amended to reflect the exemption from regulation of all transmissions of noncontrolled information over existing telecommunications circuits, including current settlement of telecommunications fees between the United States and North Korea.

Note: The FRAA exemption applies to transmissions of information, not telecommunications facilities and equipment used to transmit information. Exportation from the United States of equipment to enhance gateway-to-gateway telecommunications service with North Korea is subject to licensing requirements of the Department of Commerce, in conjunction with the general license in § 500.533 of the Regulations. Exportation or reexportation of such equipment to North Korea from a third country by a U.S. person requires a specific license from FAC and may also be subject to Commerce Department licensing provisions set forth in the Export Administration Regulations, 15 CFR parts 768-799.

Section 500.206 is amended to reflect the FRAA exemption that applies to transactions concerning exportation and importation of information and informational materials. The definition of the term "informational materials" contained in § 500.332 is amended to conform the section to amended section 5(b)(4) of TWEA. Conforming amendments are also made to § 500.550, which authorizes transactions related to the importation and exportation of information and informational materials.

Because the Regulations involve a foreign affairs function, Executive Order 12866 and the provisions of the Administrative Procedure Act, 5 U.S.C. 553, requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act, 5 U.S.C. 601-612, does not apply.

List of Subjects to 31 CFR Part 500

Administrative practice and procedure, Banks, Banking, Cambodia, Exports, Fines and penalties, Finance, Foreign investment in the United States, Foreign trade, Imports, Information and informational materials, International organizations, North Korea, Reporting and recordkeeping requirements, Securities, Services, Travel restrictions, Trusts and estates, Vietnam.

For the reasons set forth in the preamble, 31 CFR part 500 is amended as set forth below:

PART 500—FOREIGN ASSETS CONTROL REGULATIONS

1. The authority citation for part 500 continues to read as follows:

Authority: 50 U.S.C. App. 1-44; E.O. 9193, 7 FR 5205, 3 CFR, 1938-1943 Comp., p. 1174; E.O. 9989, 13 FR 4891, 3 CFR, 1943-1948 Comp., p. 748.

Subpart E—Prohibitions

2. The section heading and paragraphs (a) and (b) of § 500.206 are revised to read as follows, the words "information or" are added before the words "informational materials" in each place they appear in paragraph (c) of § 500.206, and the word "synchronization" and the comma following it are removed from Example #4 of § 500.206:

§ 500.206 Exemption of Information and Informational Materials.

(a) The importation from any country and the exportation to any country of information or informational materials as defined in § 500.332, whether commercial or otherwise, regardless of formal or medium of transmission, are exempt from the prohibitions and regulations of this part.

(b) All transactions of common carriers incident to the importation or exportation of information or informational materials, including mail, between the United States and any foreign country designated under § 500.201, are exempt from the prohibitions and regulations of this part.

Subpart C—General Definitions

3. Section § 500.332 is revised to read as follows:

§ 500.332 Information and Informational Materials.

(a) For purposes of this part, the term *informational materials* includes, without limitation:

(1) Publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds.

(2) To be considered informational materials, artworks must be classified under

chapter subheading 9701, 9702, or 9703 of the Harmonized Tariff Schedule of the United States.

(b) The terms *information* and *informational materials* with respect to U.S. exports do not include items:

(1) That would be controlled for export pursuant to section 5 of the Export Administration Act of 1979, 50 U.S.C. App. 2401-2420 (1979) (the "EAA"), or section 6 of the EAA to the extent that such controls promote the nonproliferation or antiterrorism policies of the United States, including "software" that is not "publicly available" as these terms are defined in 15 CFR parts 779 and 799.1 (1994); or

(2) With respect to which acts are prohibited by 18 U.S.C. chapter 37.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

4. The section heading and paragraph (a) of § 500.550 are revised to read as follows, and the words "information or" are added before the words "informational materials" in each place they appear in the first sentence of paragraph (b) of § 500.550:

§ 500.550 Transactions related to Information and Informational Materials.

(a) All financial and other transactions directly incident to the importation or exportation of information or informational materials as defined in § 500.332 of this part are authorized.

5. The section heading and text of § 500.563 are revised to read as follows:

§ 500.563 Transactions Incident to Travel to and within North Korea.

(a) All transactions of persons subject to U.S. jurisdiction, including travel service providers, ordinarily incident to travel to, from, and within North Korea and to maintenance within North Korea are authorized. This authorization extends to transactions with North Korean carriers and those involving group tours, payment of living expenses, the acquisition of goods in North Korea for personal use, and normal banking transactions involving currency drafts, charge, debit or credit cards, traveler's checks, or other financial instruments negotiated incident to personal travel.

(b) The purchase of merchandise in North Korea by persons subject to U.S. jurisdiction, and importation as accompanied baggage, is limited to goods with a foreign market value not to exceed \$100 per person for personal use only. Such merchandise may not be resold. This authorization may be used only once in every 6 consecutive months. As provided in § 500.206 of this part, information and informational materials are exempt from this restriction.

(c) This section does not authorize any debit to a blocked account.

§ 500.564 [Reserved]

6. Section 500.564 is removed and reserved.

7. Paragraph (b) of § 500.566 is removed, paragraph (c) is redesignated as paragraph (b), and the section heading and the introductory text of paragraph (a) and paragraph (a)(1) are revised to read as follows:

§ 500.566 Certain transactions authorized on behalf of North Korean nationals incident to their travel and maintenance expenses.

(a) Except as provided in paragraph (b) of this section, the following transactions are authorized by or on behalf of a national of North Korea who enters the United States on a visa issued by the Department of State:

(1) All transactions ordinarily incident to travel to, from, and within the United States are authorized, including the importation into the United States of accompanied baggage for personal use;

§ 500.569 [Reserved]

8. Section 500.569 is removed and reserved.

§ 500.571 [Amended]

9. Section 500.571 is amended by removing the word "Vietnam" and adding the words "North Korea" wherever it appears.

10. Section 500.579 is amended by designating the current text as paragraph (a), and by adding the following paragraph (b) to the end of the section to read as follows:

§ 500.579 Authorization for release of certain blocked transfers by banking institutions subject to U.S. jurisdiction.

(b) Specific licenses may be issued authorizing the return to the remitting party of funds that were blocked by banking institutions subject to the jurisdiction of the United States pursuant to this part because of an interest of North Korea or a national thereof and that came into the banking institution's possession or control by wire transfer or check remittance, provided that no funds are released to the Government of North Korea, any entity controlled by the Government of North Korea, or any person located in, controlled from, or organized under the laws of North Korea.

11. Section 500.580 is added to read as follows:

§ 500.580 Authorization of U.S. dollar clearing transactions involving North Korea.

Banking institutions organized under the laws of or located in the United States are authorized to process the transfer of funds in which North Korea or a national thereof has an interest. Persons subject to U.S.

jurisdiction who are originators or ultimate beneficiaries of funds transfers, however, including U.S. banking institutions that are themselves originators or beneficiaries, may not initiate or receive such transfers if the underlying transactions to which they relate are prohibited pursuant to this part.

12. Section 500.581 is added to read as follows:

§ 500.581 Financial transactions related to diplomatic missions authorized.

All financial transactions related to activities of North Korean diplomatic missions in the United States and U.S. diplomatic missions in North Korea are authorized, with the exception of transactions involving the North Korean mission to the United Nations in New York, which are subject to approval by specific license.

13. Section 500.582 is added to read as follows:

§ 500.582 Importation of North Korean-origin magnesite and magnesia.

Specific licenses may be issued authorizing the importation into the United States of North Korean-origin magnesite or magnesia.

14. Section 500.583 is added to read as follows:

§ 500.583 News organization offices.

(a) Specific licenses may be issued authorizing all transactions necessary for the

establishment and operation of news bureaus in North Korea by U.S. organizations whose primary purpose is the gathering and dissemination of news to the general public.

(b) Transactions that will be authorized include but are not limited to those incident to the following:

(1) Leasing office space and securing related goods and services;

(2) Hiring North Korean nationals to serve as support staff;

(3) Purchasing North Korean-origin goods for use in the operation of the office; and

(4) Paying fees related to the operation of the office in North Korea.

(c) Specific licenses may be issued authorizing transactions necessary for the establishment and operation of news bureaus in the United States by North Korean organizations whose primary purpose is the gathering and dissemination of news to the general public.

(d) The number assigned to a specific license issued pursuant to this section should be referenced in all import documents, and in all funds transfers and other banking transactions through banking institutions organized or located in the United States, in connection with the licensed transactions to avoid the blocking of goods imported from North Korea and the interruption of the financial transactions with North Korea.

15. Section 500.584 is added to read as follows:

§ 500.584 Energy sector projects in North Korea.

Specific licenses may be issued to permit persons subject to U.S. jurisdiction to participate in certain energy sector projects in North Korea in connection with that country's transition to light-water reactor ("LWR") power plants. Transactions that may be licensed include those related to LWR power plant design, site preparation, excavation, delivery of essential nonnuclear components including turbines and generators, building construction, the disposition of spent nuclear fuel, and the provision of heavy oil to North Korea for heating and electricity generation pending completion of the first LWR unit.

Dated: February 7, 1995.

R. Richard Newcomb,

Director, Office of Foreign Assets Control.

Approved: February 8, 1995.

John Berry,

Deputy Assistant Secretary (Enforcement).

[FR Doc. 95-3984 Filed 2-14-95; 9:15 am]

BILLING CODE 4810-25-F

TO BE PUBLISHED IN THE FEBRUARY 16, 1995 FEDERAL REGISTER

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

January 20, 1995

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: DANIEL PONEMAN 

FROM: STEVEN AOKI 

SUBJECT: Department of Defense's Testimony on the North
Korea Nuclear Agreement

Attached for your signature is a memorandum to OMB conveying suggested changes on DOD's proposed testimony.

Concurrences by: William Danvers, Stanley Roth 

RECOMMENDATION

That you sign the memorandum at Tab I.

Attachments

Tab I Memorandum to Ronald Peterson
Tab A Proposed Testimony

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

MEMORANDUM FOR RONALD PETERSON

FROM: William H. Itoh

SUBJECT: Defense Testimony on the North Korea Nuclear
Agreement

The National Security Council staff has no objection to the proposed testimony, subject to the changes indicated on the copy at Tab A. These changes were provided by telephone on January 18.

William H. Itoh
Executive Secretary

Attachment
Tab A

Draft Testimony

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. list	[CIA Act] [partial] (1 page)	01/18/1995	P3/b(3)

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National Security Council
Asian Affairs (Sandra Kristoff)
OA/Box Number: 1040

FOLDER TITLE:

North Korea, 1995 [8]

2009-0528-F
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0382

URGENT

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

LRM NO: 80

FILE NO: 41

1/18/95

LEGISLATIVE REFERRAL MEMORANDUM

Total Page(s):

17 pgs

TO: Legislative Liaison Officer - See Distribution below:

FROM: (for)

Ron Peterson

Assistant Director for Legislative Reference

OMB CONTACT: Annette ROONEY 395-7300

Legislative Assistant's line (for simple responses): 395-8194

SUBJECT: DEFENSE Proposed Testimony on North Korea Nuclear Agreement

DEADLINE: 9:30 A.M. Thursday, January 19, 1995

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President.

Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS:

DISTRIBUTION:

234-Arms Control and Disarmament Agency - Barbara Starr - (202) 647-8478

209-ENERGY - Bob Rabben - (202) 586-6718

258-Central Intelligence Agency - [REDACTED] P3(b)(3) [REDACTED]

249-National Security Council - William H. Itoh - (202) 456-9221

227-Nuclear Regulatory Commission - Trip Rothschild - (301) 415-1611

225-STATE - Julia C. Norton - (202) 647-4463

CC:

J. Nix

B. Civiak

S. Dotson

C. Konigsberg

G. Adams

[002]

URGENT

LRM NO: 80
FILE NO: 41

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this response sheet

DRAFT

(203) 698 7258

TESTIMONY FOR DR. ASHTON B. CARTER:
THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE
NORTH KOREA
19 JANUARY 1995

DRAFT

Background

Mr. Chairman, thank you for the opportunity to testify before your committee on the North Korea nuclear issue and the recently signed Agreed Framework. Secretary Perry will be appearing before the Senate Foreign Relations Committee next week to discuss all of the implications of the agreement and the negotiations that led up to it. In my statement today, I plan to review briefly the history of the agreement but I will focus primarily on the implementation role of the Department of Defense.

Resolving the nuclear issue with the Democratic People's Republic of Korea (DPRK) has been a major focus of our foreign policy towards Northeast Asia over the past two years because of the grave consequences it holds for our broader security, economic and political interests in the region as well as its implications for a robust nonproliferation regime.

I'd like to review briefly with the Committee the threat posed by the North Korean nuclear program and the background of the dispute. Since the early 1980s, North Korea had been building and operating a nuclear complex at Yongbyon which we are confident had as its purpose the production of plutonium for use in nuclear weapons. The program consisted of a small 5MWe, graphite-moderated, gas cooled reactor, and substantially larger 50 MWe and 200 MWe reactors under construction, a reprocessing facility which it was doubling in size and other related facilities. Prior to the signing of the Agreed Framework and the initial steps to implement the agreement, the DPRK nuclear program was poised to leap forward in terms of weapons grade plutonium production.

The burgeoning North Korean nuclear program clearly threatened US objectives in the region and globally:

- The development of nuclear weapons, along with other weapons of mass destruction, challenged the security of the Peninsula, to which the US has long been committed. While we were certainly worried about the status of the North Korean's nuclear capability as it stood over the summer, the magnitude of the problem likely would have increased exponentially in the future had it been left unchecked.
- The nuclear threat was not limited to the Peninsula, but rather risked unsettling the region's security as well. It could have threatened the peaceful development of relations among neighboring states and the economic prosperity of the region, a key source of trade for the United States.
- The DPRK's nuclear program also threatened to accelerate the flow of fissile material and other nuclear weapons aid to unstable regions where nonproliferation norms are not observed.
- Finally, the stand-off in Korea is being watched by the rest of the world as we collectively strive to develop a robust nonproliferation regime.

Faced with this threat, the United States became directly involved diplomatically in 1992 when the DPRK refused to comply with the International

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the UN Security Council requested that individual governments seek to resolve the nuclear issue, encouraging the US bilateral dialogue with the DPRK. (If you will recall, the DPRK signed the Nonproliferation Treaty (NPT) in 1985, entered into a safeguards agreement with the IAEA in January, 1992 and also agreed with the ROK in 1992 to denuclearize the Korean Peninsula).

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The controversy over North Korean non-compliance with its NPT and the IAEA safeguards obligations continued from 1992 to mid-1994. In the Spring of 1994, the North defueled its reactor and refused to allow the IAEA to take steps which could have helped to shed light on the disposition of the plutonium removed earlier. In light of this action, and the lack of progress in our bilateral talks, the US, in cooperation with ROK and other allies, took steps to obtain UN Security Council sanctions. ~~Because the North had said that it would regard sanctions as an act of war,~~ we also began a series of measures to increase the readiness and combat power of US and ROK forces in Korea. We had already been modernizing our forces in Korea; in June 1994 we considered major plus-ups.

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As you know, negotiations resumed in the middle of 1994 after the US had taken a series of measures to increase the readiness and combat power of US and ROK forces in Korea and former President Carter traveled to North Korea. These steps resulted in the DPRK's agreement not to refuel the reactor or reprocess the spent fuel rods into plutonium and to allow IAEA inspectors to remain on the grounds of the Yongbyon Nuclear Complex.

Outline of the Agreement

On October 21, 1994, negotiators for the US and the DPRK signed an Agreed Framework in Geneva. Under this agreement, the North must halt and eventually dismantle its nuclear weapons related program to ensure, in the long run, a nuclear free Korean Peninsula. In exchange for freezing and later dismantling its program and resolving past discrepancies, the DPRK will receive alternative energy sources, initially in the form of bunker oil for electric generators and later in the form of more proliferation-resistant light water reactor technology. The Agreed Framework will be implemented in a step-by-step fashion, with both the US and the DPRK taking required actions throughout the 10-to-14 year duration of the framework.

The following are the key elements of the agreement, most of which I am sure you are familiar with:

- First, it calls for halting North Korea's graphite-moderated reactor program including three nuclear reactors, facilities for separating weapons-grade plutonium, and all other nuclear fuel related facilities;
- Second, it requires the DPRK to return to full compliance with its obligations under the NPT and IAEA safeguards agreement;
- Third, it provides alternate energy in the form of annual shipments of heavy fuel oil which directly compensates for the 255 MW(e) of electrical power and thermal heat lost through shutdown of the three reactors;
- Fourth, it calls for the formation of an international consortium to provide two proliferation-resistant Light Water Reactors to replace the dangerous graphite-moderated facilities;
- Fifth, it neutralizes the threat posed by the spent nuclear fuel already in North Korea

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- Sixth, it requires dismantlement of the DPRK's graphite-moderated reactors and related facilities
- Seventh, it begins the process of normalizing diplomatic and trade relations between the DPRK and the rest of the world through small steps, taken as the Agreed Framework is implemented, to exchange diplomatic offices and relax trade and investment restrictions; and,
- Eighth, restoring dialogue between North and South Korea, together with the United States, with the objective of denuclearizing the Korean Peninsula and, eventually, reaching a peaceful conclusion of the Korean War.

The Importance of the Agreed Framework

Having reviewed the key elements of the Agreed Framework, I'd like to discuss the importance of the agreement to US national security and to touch on the Department of Defense's role in its implementation.

As I noted earlier in my remarks, the US was faced with a very serious threat to our national security in the region and globally. We had concerns not only with past discrepancies in the North's program and its present actions but also, and perhaps most importantly from a security perspective, about the nuclear program's future potential. We wanted to prevent the DPRK from increasing its plutonium production and from gaining a strategic nuclear capability.

ND The Agreed Framework provides the international community, and particularly the US, a means to address these problems. The Administration firmly believes that the benefits to the United States and to our allies of peacefully ending the North Korean nuclear weapons program far outweigh the costs of the benefits to be derived by Pyongyang -- ~~particularly when compared to the alternative, which would be a return to sanctions and the risk of war, or acquiescing to an unbridled nuclear program.~~

Regarding the present, the DPRK has agreed to halt its nuclear program and has already done so. Specifically, the DPRK has (1) shutdown and agreed not to refuel the 5MW(e) reactor at the Yongbyon Nuclear Complex, (2) stopped all construction on the 50 MW(e) and 200 MW(e) reactors, (3) is cooperating in the program to place all spent fuel (which contains 5-6 nuclear weapons worth of plutonium) in long-term storage for eventual shipment out of the country, (4) agreed to seal the radio-chemical laboratory used to reprocess plutonium from the spent fuel, (5) and sealed the fuel storage, fuel fabrication and other facilities associated with its gas-graphite nuclear program. These actions are being verified by IAEA inspectors and comply with the Agreed Framework timetable. The critical initial stage of compliance has been accomplished -- a verified freeze on the North Korean nuclear program.

With regard to past problems with discrepancies in the amount of plutonium declared by the DPRK to the IAEA under its safeguards agreement, the Agreed Framework requires that all questions must be resolved to the satisfaction of the IAEA before any significant nuclear components for the new LWRs are delivered.

But perhaps most importantly from a security perspective, the Agreed Framework requires the DPRK to go well beyond its NPT obligations by eliminating, not just freezing

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or placing under international surveillance, the source of the concern --its graphite-moderated nuclear reactor program. The DPRK has agreed to dismantle its existing facilities and expatriate the spent fuel from the 5MWe reactor by the time the two LWRs are complete. The DPRK will also take steps to implement the North-South Joint Declaration on the Denuclearization of the Korean Peninsula. We have long believed that it would take more than enforcing what was required by the IAEA to solve the North Korean nuclear challenge. Indeed, it will require the elimination of its existing program.

I'd like to underscore the point that the Administration is not relying on trust to implement the agreement. Quite the contrary, we are relying upon the on-site presence of the IAEA inspectors as well as US national sources to monitor the DPRK's actions and to ensure that they are holding up their part of the bargain. We will be vigilant in monitoring compliance. If at any point North Korea is not complying, we and our allies will stop implementing the agreement. We could then return to the path of sanctions and military preparations, ~~if necessary~~.

And finally, the agreement provides an opening to address other outstanding security problems that trouble the Peninsula, for example, conventional force imbalances and missile proliferation. There will certainly not be a quick resolution to any of the issues which divide us. The agreement may, however, open a dialogue and serve to draw the DPRK out of its isolation, thereby increasing the likelihood that problems between our countries can be resolved.

The Department of Defense's Role: US provision of Bunker Fuel

I will now review the Department of Defense's role in implementing the agreement. The next milestone in the Agreed Framework is the initial delivery of bunker fuel, or what has been referred to as heavy fuel oil, by 21 January. The US performance on this obligation is a condition both of maintaining the freeze and continuing implementation of the agreement. It enables the next phase of the framework to proceed. The Department of Defense believes strongly that the success of the agreement is in the interest of our overall non-proliferation policy and very much in our national security interest.

North Korea, under the agreement, has been required to take, and has taken important steps, before getting any benefit from the US or other countries. To review the actions already taken by the North in more detail:

- It has kept the 8000 fuel rods in storage, instead of reprocessing them to extract the plutonium for some 3-to-5 bombs they contain. In the three months since the Agreement was signed, roughly 78% of these rods could have been run through the reprocessing facility.
- It has sealed the reprocessing facility and stopped construction on an additional reprocessing line that would double the reprocessing rate.
- It has refrained from refueling and restarting the 5MW(e) reactor from which the spent fuel was unloaded this spring. This reactor, run at the rate at which it was

running last year, would produce enough plutonium for one bomb each year it operates. This reactor is being sealed by the IAEA.

- It has stopped construction of two big new reactors with capacities of 50 and 200 MW(e) respectively. These reactors, when completed in 1995 and 1996 respectively, would have a capability to produce plutonium for [a significant number] dozens of bombs annually.
- It has permitted IAEA inspectors to remain permanently at Yongbyon to implement the freeze, and verify and monitor, on a daily basis, that the freeze remains in effect. The Director General of the IAEA reports good cooperation and compliance with the freeze by the DPRK. IAEA inspectors will remain in North Korea for the duration of the framework implementation.
- It has permitted a US technical team to visit Yongbyon to do a survey of measures necessary to stabilize the spent fuel so it can be stored until removed from North Korea, as required by the agreement. Removal will start when the first significant nuclear components for the LWRs begin to be delivered.
- Thus, the critical initial stage of compliance has been accomplished -- a verified freeze on the North Korean nuclear program. Accordingly, the US is in the process of doing its first delivery of fuel oil -- tankers are off loading now.

Specifically, as alternate energy for the loss of electrical power and thermal heat from the DPRK's reactors, the US agreed to arrange for shipments of heavy residual fuel oil in amounts equal to the thermal output of the three nuclear reactors, a total of 255MW(e) or 3.5% of North Korea's present electrical generation capacity.

The Department of Defense agreed to arrange and pay for delivery of the first tranche under license to meet the ninety-day deadline and provide incentive for DPRK compliance with the nuclear non-proliferation incentives of the framework. The total cost to DoD will be approximately \$5M including delivery. The fuel will be paid for under long-established statutory authority in the annual DoD Appropriations Act for DoD use funds, up to a specific limit for emergency and extraordinary expenses.

Fuel is in some sense fungible, but there is little potential for this fuel to be diverted from its intended use in power and heat generation. Very little high-fraction fuel, such as gasoline, diesel, and kerosene, can be extracted from heavy residual fuel oil (HFO), compared to crude and other refined petroleum products. Commonly called 'Bunker C', heavy residual fuel oil can be used to fire boilers, but it cannot be used as motor fuel for vehicles or military hardware. It is like tar.

The first tranche of 50Kmt of HFO is being delivered to the currently idle, oil-fired power plant in Sonbong, North Korea, where it will be used to produce electricity for North Hamgyong Province and thermal heat (steam) for the surrounding villages.

The total cost to DoD will be approximately \$5M including delivery. The fuel will be paid for under long-established statutory authority in the annual DoD Appropriations Act for DoD use funds, up to a specific limit for emergency and extraordinary expenses.

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Congress has been informed of the overall terms of the deal and of the specific obligations to provide fuel, and of the other details of delivery and payment as outlined here, by a letter from the Deputy Secretary of Defense.

The second tranche agreed to in the framework is 100Kmt of HFO as alternate energy for both the 5 and 50MW(e) reactors. It is scheduled for delivery in October 1995 and will be paid for by the multinational consortium under the leadership of the US, Japan, and the Republic of Korea.

The third tranche is 500Kmt of HFO provided under the framework to compensate for the total 255MW(e) electrical capacity of all three nuclear reactors under the freeze. Delivery will commence in October 1996 and be paid for by the international consortium. Deliveries will continue annually until the first LWR is on-line providing electricity in the DPRK.

Summary

In summary, the Department of Defense fully supports the Agreed Framework and the importance of implementing it in a timely fashion. The agreement takes a major step towards securing our goal of finding a peaceful way to halt and eventually dismantle the DPRK's nuclear program to ensure for the long run a nuclear free Korean Peninsula. It also will help to ease tensions on the Peninsula by encouraging dialogue with our ally South Korea and by drawing the DPRK out of its international isolation. I'd be happy to answer any questions you may have, particularly on the Department's contribution to implementing the agreement.

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Questions and Answers: Proliferation & NPT

Question: Do you believe the Agreed Framework sets a bad precedent for dealing with countries like Iran?

Answer: Absolutely not. The only precedent that should be drawn from the U.S.-DPRK Agreed Framework is one of continued U.S. resolve in preserving and upholding a robust Nuclear Nonproliferation Treaty regime.

- It is important to recognize that the nonproliferation obligations assumed by the DPRK over the next several years exceed anything required by the NPT. The North must freeze its entire existing nuclear program and forego reprocessing permanently. Under the NPT, the DPRK would be able to operate its current facilities and conduct reprocessing of spent nuclear fuel. No other country has assumed such an onerous set of restrictions on its nuclear activity.
 - The goal of the NPT, to stop the spread of nuclear weapons and technologies, is complemented and reinforced by the results of our negotiations with North Korea, which seek to achieve full transparency of the DPRK's nuclear program past, present, and future.
 - If any country doubts our commitment to the NPT regime, it should be remembered that we were prepared to move to sanctions in June when it appeared that the DPRK was unwilling to take measures to halt its nuclear weapons program; we would be willing to pursue firm measures with other countries if they were to disregard their NPT obligations.
 - It is significant that the IAEA, which is responsible for monitoring compliance with fullscope safeguards, has accepted our agreement and will have a strong inspection presence at nuclear sites in the DPRK to monitor compliance with the agreement. The IAEA will also be permitted to resume ad hoc and routine inspections in the near future and will ultimately be permitted access to all information, including that contained in undeclared nuclear waste sites, that it deems necessary to resolve any questions about past DPRK nuclear activity.
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Question: The Agreed Framework does not address missiles. Are we going to raise this issue with the North Koreans?

Answer: Missile proliferation is a critical challenge that we confront worldwide and one that we are particularly concerned about within the context of North Korea.

- ~~The dialogue which has been established with the North Koreans through the Agreed Framework provides us with a forum to raise issues of concern, including the export of ballistic missiles.~~ *an opportunity*
- We have done so by raising our concerns during the negotiations and again at meetings held since the signing of the agreement. We will continue to do so.

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- While we have expressed a willingness to move toward normalized relations with the DPRK, the depth and pace of that movement will be conditioned on the North's cooperation in addressing regional security concerns in areas like missile proliferation.
- Current North Korean missile programs underscore the importance of talking to the DPRK about ways to curtail potentially destabilizing activity in this area.

Question: Can you make nuclear weapons with material from LWRs? Won't we run into the same problems with the LWRs as we are with the DPRK's existing facilities?

Answer: Light water reactors are more proliferation resistant than the graphite moderated reactors owned by the DPRK today for the following reasons: 1) LWRs require enriched, rather than natural, uranium which is supplied by only a handful of countries -- the US, Russia, a European consortium and China. All of these countries, with the exception of China require full-scope safeguards as a condition of sale; 2) the plutonium in spent LWR fuel is less desirable for use in nuclear weapons because it contains a higher concentration of PU-240 and PU-241 -- isotopes that make it more difficult to handle and incorporate the plutonium into a deliverable device; 3) LWRs must be shutdown for reloading operations which makes them easier to safeguard than reactors which require natural uranium fuel; 4) LWR fuel is clad with a zirconium alloy that is far more resistant to corrosion than "magnox fuel." As a result, LWR spent fuel can be stored indefinitely rather than needing to be reprocessed.

- In evaluating the wisdom of providing light water reactors to North Korea, we need to consider the alternative. Without the Agreed Framework, the US and its allies would have been faced with the DPRK's existing nuclear program which would have been capable of producing dozens of bombs a year.

Question: Why are we allowing the DPRK to defer special inspections for years? Doesn't this weaken the NPT?

Answer: When implemented, the Agreed Framework brings the DPRK back into compliance with the NPT, albeit after several years, and requires full transparency of the DPRK nuclear program.

- It is important to put the issue of special inspections into the broader context of the negotiations and the Agreed Framework. Ideally, we would have liked to have resolved any questions and remaining doubts about the DPRK's nuclear program immediately, but the long history of hostility and mistrust made it impossible to arrive at such an arrangement. We remained firm on the principle of requiring the DPRK to reconcile its past nuclear activity with the IAEA but flexible on its implementation. We did not walk away from the IAEA's concerns. If the DPRK does not cooperate with the IAEA, the nuclear deal does not go through. The DPRK will not receive significant nuclear components until the IAEA is satisfied and has declared the DPRK to be in full compliance with the NPT.

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- Further, and perhaps most importantly, the US objectives were broader than bringing the DPRK back into the NPT fold. We wanted to ensure that the DPRK did not increase its production of plutonium, to include reprocessing the spent fuel in the pond, nor gained a strategic nuclear capability. From a security perspective, these were the more pressing objectives, and I believe we achieved them with the Agreed Framework. In the near term, the DPRK's program is frozen and over time they will dismantle their nuclear weapons related program.

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Questions and Answers: Conventional Forces Issues

Question: Does the warming of relations between the U.S. and North Korea lay the groundwork for the eventual withdrawal of U.S. forces from the ROK?

Answer: The U.S. remains fully committed to its alliance with the ROK. Despite the signing of the Agreed Framework, the conventional array of forces on the peninsula has not changed and the DPRK still represents a significant military challenge. The sizable U.S. presence is a symbol of our unshakable commitment to the security of the ROK but also underscores our broader mutual concern for peace and stability in Asia. This latter bond will extend beyond the relaxation of tensions on the peninsula, resting as it does on shared values and not simply on shared threats.

Question: How does the U.S. propose to maintain readiness on the peninsula? What are the prospects for the Team Spirit exercise?

Answer: The ROK and U.S. will maintain the full complement of exercises necessary to ensure readiness on the peninsula. We are determined not to be lulled into a false sense of security and are fully aware that peace on the peninsula has been maintained over forty years by our vigilance and military preparedness.

- Team Spirit is on the training schedule for this year and preparations are being made for its execution; beyond that, I will have to defer comment at this time.

Question: How does the U.S. assess the current risk or probability of armed confrontation on the peninsula?

Answer: There is no immediate or near-term risk of a flare-up of hostilities on the peninsula. But the concentration and posture of DPRK forces is cause for concern and creates an environment in which the potential costs of miscalculation can be tragic, as we have recently seen with the helicopter shoot-down over North Korea. For this reason we have and will continue to urge the DPRK to engage in substantive dialogue with the ROK as a first step toward reducing tensions on the peninsula.

Question: The recent crossing of the DMZ by an American helicopter points out the potential for mistakes or misunderstandings to generate conflict and possibly even war on the Korean peninsula. What are we doing to defuse this potential?

Answer: The U.S. looks forward to the day when tensions and the potential for conflict on the Korean peninsula have been completely eliminated. The U.S. position is that peace on the peninsula will not be possible until South and North Korea have addressed the sources of tensions on the peninsula through substantive dialogue based on mutual respect and recognition. The impetus for lasting peace on the peninsula can only come from reconciliation of the two primary parties, the ROK and the DPRK.

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- In the meantime, the Military Armistice Commission, established at the end of the Korean War, serves as the appropriate forum for discussion of any military issues that arise between the UN Command in Korea and the DPRK.

Question How does the U.S. reconcile the threatening military posture maintained by the North Koreans with recent success in concluding an Agreed Framework on the nuclear issue?

Answer: We take as our starting point that the situation on the Korean peninsula is very complicated and that resolution of all outstanding problems will not occur simultaneously. We also recognize that the nuclear activity of the DPRK represented the most serious threat to our security interests in the region and we therefore sought to remedy it at the outset of any process of engagement with the North. While the agreement signed with North Korea will not necessarily lead to a quick resolution of other points of contention, the opening provided by the agreement will increase the likelihood that these problems can be addressed in the near future.

Question: What enhancements have we made to the capabilities of U.S. forces in Korea?

Answer: We have enhanced the capabilities of US forces in Korea both through temporary deployments of specific assets and units and through planned modernization initiatives. The Republic of Korea has also improved the capabilities of its forces, and is accelerating modernization efforts in several key areas.

- Perhaps the most significant steps thus far have been in the areas of intelligence and command and control communications. We have deployed additional collection and assessment assets to Korea. We have also sent over communications gear to improve connections among command and force element. We have also enhanced fire support assets available to US forces with the modernization of attack helicopters with Apaches, additional Bradley Fighting Vehicles with TOW missiles and additional grenade launchers. Finally, we have improved the security of critical assets in rear areas by deploying a Patriot battalion to Korea.

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Questions and Answers: Criticism of the Agreement

Question: Does the U.S. fear being duped by the North Koreans? Is there a risk that the DPRK will simply pocket any material assistance provided by the U.S. and its allies without holding up its end of the bargain?

Answer: The current U.S. Administration harbors no illusions about the nature of the North Korean government and we are not leaving implementation of the agreement to trust. To monitor compliance, the US will be relying on the on-site presence of the IAEA inspectors and US national sources. In fact, the IAEA has been in intensive discussions with the North to agree on means to verify the nuclear freeze in the DPRK. These discussions have gone very well and the IAEA is confident in its ability to do its job. The U.S. also has technical experts in the DPRK at this moment to arrange for long-term storage of spent fuel rods. We are very confident that we can monitor the North's adherence to the agreement.

It is important to note that it is the DPRK who will be taking the first steps throughout the duration of the framework agreement. The DPRK has now frozen its nuclear program so we are moving ahead with the shipment of the fuel oil. The DPRK will not receive any significant nuclear items on the trigger list for the LWRs until they have come into full compliance with their safeguards obligations. The spent fuel will have to be shipped before the first LWR is complete and they will have to have dismantled the existing nuclear facilities before the second LWR is complete.

Question: Aren't you propping up the North Korean economy with the economic aid and heavy fuel oil? Aren't you delaying the fall of the regime by giving it aid and comfort?

Answer: Our interaction with the DPRK is not premised on any calculation of the longevity of the North's government. Many pundits have argued for years that the DPRK is on its last legs; other analysts assert that the North has significant staying power. In any case, the U.S. did not have the luxury of simply sitting back and waiting for the DPRK to implode or otherwise metamorphose because the nature of the security challenge we faced was immediate and unmistakable. We addressed that problem head-on with the present settlement and, in so doing, have potentially opened the door to a greater relaxation of tensions on the peninsula.

- The economic measures you mentioned, alternative energy (a substitute for energy foregone by the North's shutting down its current nuclear program), sanctions-lifting, and liaison offices, are all measures incorporated in the Agreed Framework and constitute part of the broader engagement process with the DPRK. The Administration does not believe that the small amount of oil being provided to the DPRK will alter the course of the North Korean economy or the fate of the regime. As you likely know, the shipments of heavy residual fuel oil will only be in amounts equal to the thermal output of the three nuclear

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reactors, a total of 255 MWe or 3.5% of North Korea's present electrical generation capacity.

Question: I understand that the allies are balking at paying for the obligations under the Agreed Framework. Is this true? How much is this agreement going to cost the United States' taxpayer?

Answer: The Republic of Korea has agreed to play a central role in financing the light water reactor project. We are looking to the Japanese and other governments to make up the balance along with financing the alternative energy. The US has already agreed to pay for the treatment of the spent fuel pond and the canning of the fuel as well as the first shipment of the heavy fuel oil. The Administration is in the process of working out with our allies the arrangements for establishing KEDO and the best way to meet KEDO's obligations under the Agreed Framework.

If pressed: We expect that the US will pay tens of millions of dollars each year. It is important to keep in perspective that this cost is a very small part of the overall nuclear deal which we expect to cost over \$4B. Most of the cost of this agreement will be paid for by our allies.

Question: Is the Agreed Framework legally binding? Why is the document not a treaty?

Answer:

Question: I understand that the Department of Defense had serious reservations about the agreement. Is this true? And do you think it is in the best interest of the US?

Answer: The Department of Defense fully supports the Agreed Framework and the importance of implementing it in a timely fashion. The agreement takes a major step towards securing our goal of finding a peaceful way to halt and eventually dismantle the DPRK's nuclear program to ensure for the long run a nuclear free Korean Peninsula. It also will help to ease tensions on the Peninsula by encouraging dialogue with our ally South Korea and by drawing the DPRK out of its international isolation.

- We, of course, will be vigilant in ensuring that the DPRK lives up to its side of the bargain and will be actively engaged in facilitating the implementation of the agreement.

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Question and Answers: The Department of Defense's Role

Question: What funding mechanism is the Department using to pay for the heavy fuel oil?

Answer: The fuel will be paid for under long-established statutory authority in the annual DoD Appropriations Act for DoD use of funds, up to a specific limit, for emergency and extraordinary expenses. The report of this expenditure will be included in our quarterly report to the Committee on Armed Services and Appropriations of the Senate and House of Representatives. I would like to take any further questions you may have on the funding arrangements for the record. Thank you.

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

January 20, 1995

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: DANIEL PONEMAN FROM: STEVEN AOKI SUBJECT: Nuclear Regulatory Commission's Testimony on the
North Korea Nuclear Agreement

Attached for your signature is a memorandum to OMB conveying concurrence on the proposed testimony on the North Korea Nuclear Agreement.

Concurrences by: William Danvers, Stanley Roth RECOMMENDATION

That you sign the memorandum at Tab I.

Attachments

Tab I Memorandum to Ronald Peterson

Tab II Proposed Testimony

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

MEMORANDUM FOR RONALD PETERSON

FROM: WILLIAM H. ITOH

SUBJECT: Defense Testimony on the North Korea Nuclear
Agreement

The National Security Council staff has no objection to the proposed testimony. This view was provided by telephone on January 18.

Withdrawal/Redaction Marker

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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.

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RR. Document will be reviewed upon request.

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

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

0271

SPECIAL**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001**

1/11/95

LEGISLATIVE REFERRAL MEMORANDUM

LRM NO: 42

FILE NO: 41

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TO: Legislative Liaison Officer - See Distribution below:

FROM: Ron PETERSON *Ron Peterson* (for)
Assistant Director for Legislative ReferenceOMB CONTACT: Annette ROONEY 395-7300
Legislative Assistant's line (for simple responses): 395-8194

SUBJECT: Nuclear Regulatory Commission Proposed Testimony on North Korea Nuclear Agreement

DEADLINE: 4:00 Friday, January 13, 1995

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President.

Please advise us if this item will affect direct spending or receipts for purposes of the
"Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.**COMMENTS:****DISTRIBUTION:**234-Arms Control and Disarmament Agency - Barbara Starr - (202) 647-8478
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225-STATE - Julia C. Norton - (202) 647-4463

CC:

J. Nix

[003]

*S. Goldberg**C. Konigsberg*

LRM NO: 42
FILE NO: 41

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this response sheet

Draft

1/11/95

DR. IVAN SELIN, CHAIRMAN, U.S. NUCLEAR REGULATORY COMMISSION
DRAFT TESTIMONY FOR THE RECORD
THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES
HEARING ON THE DPRK NUCLEAR REACTOR PROGRAM
JANUARY 19, 1995

I am pleased to provide today for the record some views of the Nuclear Regulatory Commission (NRC) on the North Korean nuclear program. Nuclear safety, as you know, is our mandate - the protection of the U.S. public's health and safety, the common defense and security, and the environment from adverse effects of the commercial uses of nuclear energy. I will focus my remarks on that area of expertise.

The US has accumulated nearly 40 chronological and 2000 operating years of reactor experience. We have learned over this time that, regardless of country, nuclear safety remains dependant on three critical elements:

- (1) technical excellence and operational safety, which are the prime responsibility of the operators but must be reinforced by tough-minded, independent regulators,
- (2) a sound economic climate over the long term, because a nuclear program must be sufficiently well supported to afford first-rate training programs and sustained investment in maintenance and equipment, and
- (3) solid organization and management, which includes high quality staffing, rigorous training, a strong safety culture, realistic goals, and responsible leadership.

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Applying this lesson to the DPRK situation and making the assumption that it is reasonable to proceed with the US-DPRK framework agreement if its numerous complexities can be worked out, the NRC believes that the DPRK could develop and operate a safe light water reactor program if over the next 10 years it meets or makes substantial progress toward meeting the following three conditions. (1) It must devote adequate resources to developing and empowering a strong, independent regulatory organization to oversee the safety of its nuclear activities. (2) It must concentrate on hiring and intensively training a large, cadre of highly-competent safety personnel to operate and maintain its nuclear power plants. (3) And it must take an active role in forging regional and wider international safety ties which allow it to interact with and learn from the experience and advice of others, so that its reactor program is not run in isolation. A tall order certainly, but one that is feasible if the DPRK chooses to accomplish it; therefore, there is no reason that civilian power safety concerns need become a critical obstacle to the successful implementation of the framework agreement.

The above opinion is also based on the premise that the DPRK would proceed with a light water reactor program using the ROK's Standard Nuclear Power Plant (KSNP) design. The NRC is very pleased that this appears to be the reactor to be installed in the DPRK; in fact, the NRC considers this to be the only practical approach. Although there are many safe designs worldwide, the shared Korean language, culture, and physical proximity would facilitate

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tremendously and invaluablely the exchange of all of the technical information which must accompany the design, construction, and operation phases of any nuclear power plant project. And the efficiencies achieved by adopting standardized reactor designs are enormous, allowing the DPRK program to benefit from the KSNP design and experience - another safety lesson learned. The NRC has also cooperated extensively with the ROK in the development and enhancement of its safety and regulatory program which, as a result, incorporates and reflects much of the NRC's regulatory philosophy, practices, and procedures. Since it is also likely that the ROK might be called on to export its regulatory expertise as the DPRK seeks to establish its own safety capability, the NRC would be working through and with entities modelled extensively upon itself if called upon to render safety advice or assistance. This would facilitate our response and interaction as well.

The safe use of nuclear energy depends upon many factors: economic, scientific, industrial, institutional, and legal. One of the most important of these is the early establishment and fostering of a nuclear safety culture in which safety is accorded a high priority in the decision-making process and which is derived from fundamental principles which have international application. If it is the decision of the Executive Branch [and the Congress] to proceed with either full or partial implementation of the US-DPRK Framework Agreement, the NRC stands ready to work both bilaterally with the DPRK as well as with our regulatory counterparts in other countries and international

organizations to help the DPRK develop a safety culture from the start that will assure the soundest possible foundation for its nuclear power development and operation.

(1) Every nuclear nation must provide a firm legal foundation for a strong and independent regulatory authority to monitor and enforce high levels of safety.

(2) The regulatory authority must have the necessary resources to support a well-trained and adequately paid staff to perform on-site inspections, review

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plants at all stages from design to decommissioning, analyze errors to improve future operations, and develop and maintain a confirmatory research capability.

(3) Both the industry and the regulators must apply rigorous nuclear standards which cover all aspects of the nuclear fuel cycle. One such set of principles has been incorporated into the International Convention on Nuclear Safety, which I will return to later.

(4) A state, by national law or international commitment, must put into place legal and financial protection arrangements that would provide adequate compensation for damages in the event of a nuclear accident, while setting appropriate limits on third party liability. Such protection holds both the nation and the nuclear power plant operators ultimately accountable for the safety of the plant, while assuring the public the right to redress any injury it might suffer as a result of negligence or improper operation.

Although the DPRK undoubtedly has a number of decrees, statutes, or other legal instruments which provide the legal basis for its current program, these instruments must be reviewed to determine whether they are adequate for the purpose of implementing the new nuclear power program under consideration. And beyond the legal basis, it is vital that the DPRK develop and empower a strong, independent regulatory body which can oversee its light water reactor program from its earliest moments. We do not want the DPRK to become yet

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another safety concern as it moves to operate western technology. Given the fact that the US maintains the world's largest nuclear power program, with some 108 reactors currently in operation, the NRC has gained broad experience in both the legislative and regulatory aspects of nuclear safety - experience which we, along with our regulatory counterparts from countries with advanced reactor programs, could share with the DPRK, which must ultimately assume responsibility for the safety of its own power reactor program. In addition to scheduling detailed discussions with the DPRK on institutional and technical regulatory areas, where we would stress the importance of people and their work culture to nuclear safety and the need for openness in the regulatory process, the NRC could provide the DPRK with a "library" of fundamental regulatory documents, which could either serve as or strengthen the foundation of any country's regulatory program. We could also offer limited but vital regulatory training (on a space-available basis) through on-the-job assignments within the NRC staff, hands-on attachments to our regional and resident inspector offices, and formal classes in reactor technology, inspection, health physics, and emergency preparedness at our dedicated safety training center in Chattanooga, Tennessee. All transportation and per diem costs for these would be at the expense of the DPRK sponsoring agency, but the NRC would provide the actual training. Because of the nature of the framework agreement, particularly the direct involvement of other partners, the NRC would not expect the DPRK to become a huge or immediate new demand on its resources, although we will undoubtedly be called upon to provide a level of support for engineering as well as regulatory questions.

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The Nuclear Regulatory Commission is pleased that the nuclear safety aspect is to be actively pursued from the outset of the DPRK reactor initiative.

Specifically, at the latest technical discussions in Beijing last December, the United States raised the safety issue and suggested that it be taken up in detail at the next round of talks. The DPRK side agreed to this proposal.

The NRC is now engaged in preparations for this next round of talks (scheduled for the end of this month) where the US side will discuss in depth the general principles and elements required to assure the safety of civil nuclear power plants. In addition to outlining the US approach to nuclear regulation, we will be able to point to a clear international consensus on the key elements needed to assure a high level of safety at such facilities. This consensus was embodied in the International Convention on Nuclear Safety which was opened for signature last September in Vienna. Virtually all nations currently operating civil nuclear facilities (including the United States) have signed the Convention. We shall seek to persuade the DPRK that joining this important international instrument would not only reassure the world community about its intention to give priority to safety in its nascent nuclear program, but would provide a framework for developing its internal safety arrangements. It would also draw the DPRK into the Convention's peer review process for assessing compliance with these basic international norms of nuclear safety.

Thank you for this opportunity to share the NRC's views.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

January 20, 1995

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: DANIEL PONEMAN 

FROM: STEVEN AOKI 

SUBJECT: Department of Energy's Testimony on the North
Korea Nuclear Agreement

Attached for your signature is a memorandum to OMB conveying concurrence on the proposed testimony on the North Korea Nuclear Agreement.

Concurrences by: William Danvers, Stanley Roth, Steven Andreasen 

RECOMMENDATION

That you sign the memorandum at Tab I.

Attachments

Tab I Memorandum to Ronald Peterson

Tab II Proposed Testimony

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM FOR RONALD PETERSON

FROM: WILLIAM H. ITOH

SUBJECT: Department of Energy's Testimony on the North
Korea Nuclear Agreement

The National Security Council staff has no objection to the proposed testimony. This view was provided by telephone on January 18.

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. list	[CIA Act] [partial] (1 page)	01/17/1995	P3/b(3)

COLLECTION:

Clinton Presidential Records
National Security Council
Asian Affairs (Sandra Kristoff)
OA/Box Number: 1040

FOLDER TITLE:

North Korea, 1995 [8]

2009-0528-F

vz1464

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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.

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RR. Document will be reviewed upon request.

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

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- 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]

SPECIAL

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

1/17/95

LEGISLATIVE REFERRAL MEMORANDUM

0345
LRM NO: 65

FILE NO: 41

Total Page(s): 15

TO: Legislative Liaison Officer - See Distribution below:

FROM: Ron PETERSON

(for) *A. Rooney*

Assistant Director for Legislative Reference

OMB CONTACT: Annette ROONEY 395-7300

Legislative Assistant's line (for simple responses): 395-6194

SUBJECT: ENERGY Proposed Testimony on North Korea Nuclear Agreement

DEADLINE: 3:30 Wednesday, January 18, 1995

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President.

Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS:

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CC:

J. Nix
C. Konigsberg
G. Adams

[004]

LRM NO: 65
FILE NO: 41

☐ Concur
☐ No Objection
☐ No Comment
☐ See proposed edits on pages _____
☐ Other: _____

FAX RETURN of _____ pages, attached to this response sheet

*for CRSC
1/17/95*

**Draft Testimony
for
Charles B. Curtis
Under Secretary of Energy
before
Energy and Natural Resources Committee
January 19, 1995**

Thank you Mr. Chairman and members of the committee for the opportunity to appear before you today to discuss the Department of Energy's role in implementing the Agreed Framework between the United States and North Korea. This agreement will help to reduce significantly the nuclear danger on the Korean peninsula.

In my testimony I would first like to briefly describe the Department's activities in the context of the overall Agreed Framework.

Second, I will set out the specific tasks and challenges the Department is addressing in implementing its responsibilities concerning North Korean spent fuel.

Third, I will review the anticipated funding requirements for the range of DOE spent fuel implementation responsibilities.

Finally, I will in an appendix briefly address for the record those questions posed by the Committee in its letter of invitation in areas where the Department does not have implementation responsibility.

I. The Framework Agreement

The Agreed Framework between the United States and North Korea was signed on October 21, 1994, to address international concerns – and those of successive U.S. administrations – about North Korea's nuclear program.

Ambassador Gallucci, the U.S. negotiator of the agreement, succinctly set out some of the key elements of the Agreed Framework in testimony last month before a Senate Foreign Relations Subcommittee. Without attempting to characterize the entire agreement, I draw upon his remarks to characterize those aspects most relevant to discussion here.

The Agreed Framework prohibits further reprocessing or separation of plutonium in North Korea. It provides that the spent fuel from the 5 megawatt research reactor will be safely stored and eventually shipped out of North Korea. It prohibits the restart of the 5 megawatt research reactor, which could have produced about a bomb's worth of plutonium each year. It seals the plutonium separation facility and subjects it to International Atomic Energy Agency (IAEA) inspection. It freezes construction of the two larger 50 megawatt and 200 megawatt reactors that could have produced perhaps 200 kilograms of plutonium a year. North Korea accepts full-scope IAEA safeguards, including all measures that the IAEA may deem necessary to resolve questions about North Korea's initial plutonium inventory; while implementation of this aspect is not required immediately, it is required before significant benefits flow to North Korea. Moreover, the Agreed Framework is structured so that we can withhold cooperation at any point that we determine that North Korea is not meeting its obligations under the agreement.

A key near term provision of the Agreed Framework is the storage of the spent fuel discharged from the North Korean 5 megawatt research reactor. As Ambassador Gallucci has noted, the spent fuel is believed to contain up to 30 kilograms of plutonium and preventing its separation was one of the central U.S. objectives in negotiating the agreement.

II. The Department's Role

The Agreed Framework establishes responsibilities in regard to North Korean spent fuel. The ability of the United States Government to discharge promptly its responsibilities accepted in this area is of paramount importance. The primary role

of the Department of Energy in implementing this agreement will be to stabilize the chemical condition of the basin containing the irradiated fuel from the 5 megawatt reactor at Nyongbyon last Spring, and to package, or 'can,' the spent fuel for safe and secure storage.

Pursuant to the Agreed Framework, a group of technical experts recently visited North Korea, including the spent fuel basin at Nyongbyon. That visit confirmed the urgency of the steps required to safely store the fuel.

Results to date have been promising. But I must emphasize: because of the high degree of interaction with North Korea which will be required for this activity and because the agreement specifies that the U.S. and North Korea must cooperate in the fuel storage, this could be the most difficult part of the agreement to implement during the first year.

(a) November 1994 Trip to North Korea: Beginning Implementation of Cooperation on Spent Fuel

The Agreed Framework calls for a series of expert-level meetings for cooperative discussions on how best to store the spent fuel during the period it will remain in North Korea. To begin implementing this requirement, from November 13-19, 1994 a delegation of technical experts from the United States visited North Korea for the purpose of resolving technical issues related to the safe storage and ultimate disposition of the spent fuel from North Korea's 5 megawatt reactor. The delegation discussions occurred in Pyongyang and Nyongbyon.

During the meetings in Pyongyang, the U.S. delegation agreed to make every effort to ensure that the corrosion of the spent fuel in the fuel storage basin is minimized before placement in temporary storage containers (canning). The fuel cannot be placed in containers until the water in the basin has been clarified.

The November 1994 technical meetings centered on water treatment in the basin at Nyongbyon and the storage of the fuel discharged last Spring from the 5 megawatt reactor. The United States delegation was allowed to make an unprecedented trip to

Nyongbyon to observe and photograph the spent fuel storage building, basin, and associated equipment. The North Koreans provided detailed, in-depth technical information including drawings of the facilities and fuel elements. They were extremely cooperative in providing information.

Agreement was reached in Pyongyang on the outlines of a plan to: treat the water in the storage basin; remove the suspended matter which now prevents viewing of the fuel; and perform additional treatment to slow the corrosion of the fuel until it can be placed in sealed containers.

During the meetings, North Korea asked for the United States to supply instruments to measure and record important qualities of the basin water. They have also asked for a viewing system to allow remote viewing of the fuel, which is currently not visible. It is in the interest of the U.S. to implement the water treatment plan and to provide and install these systems as quickly as possible to forestall reprocessing and contain future U.S. costs.

As a result of the discussions, the North Koreans agreed that canning of the fuel is necessary to minimize radiation hazards and fuel corrosion. Another important accomplishment of our technical experts was the achievement of consensus with the North Koreans on the type of container to be used for canning the fuel.

(b) The Near Term: Arresting Corrosion of the Spent Fuel

The North Korean spent fuel is a variation of a type of fuel known generically as Magnox. Each fuel element is a cylindrical rod of unenriched uranium metal. The rods are clad with a finned outer covering of magnesium metal alloyed with zirconium. In the reactor, the fuel elements are cooled by carbon dioxide gas and the nuclear reactor core is constructed of graphite. In all cases where Magnox fuel is used, it is intended to be reprocessed, as it has been in France and England. The normal sequence of operations is that the fuel is stored in water for a period of weeks to months to reduce radiation and heat levels of the fuel assembly. Since the magnesium cladding corrodes rapidly in water, it cannot be safely stored for sustained periods.

The North Koreans built a fuel storage system that should have been more than adequate for the amount of time they intended to leave the fuel in storage. They installed a system of sand filters and ion exchange columns for controlling the quality of the water in the basin. However, there were a few nuances of water treatment that they had not mastered and when they attempted to use their water treatment system, the sand filters rapidly plugged because algae caused by the sunlight coming through south-facing windows was growing in the basin. No provision had been made in their system for the techniques needed to remedy this problem.

Because of the failure of the water treatment system at Nyongbyon, it has not been possible for the North Koreans to stabilize the chemical conditions in the basin to minimize the corrosion of the fuel. Therefore, the fuel is corroding at a difficult-to-predict rate in murky, untreated water.

Corrosion of the fuel is not in our interest:

- First, extensive corrosion of the fuel can allow highly radioactive fission products such as cesium and strontium to be dissolved in the basin water. This would create a radiation hazard for inspectors safeguarding the fuel and any workers who are responsible for removing the fuel in the future.
- Second, if the fuel is severely corroded, it will be virtually impossible to verify the number and condition of the rods in the basin, opening questions about possible undetectable diversions of fuel.
- Third, left untreated, extensive corrosion could create a health-related justification in the minds of the North Koreans for reprocessing the fuel.

The Department of Energy has experience in solving such difficult water treatment problems. While in North Korea, the U.S. technical team formulated and explained to the North Korean engineers a plan for clarifying the water and controlling the concentration of chemicals that promote fuel corrosion. Since then, there have

been consultations in Washington, D.C. and in England with French and English experts who have experience with similar fuel storage basins. These consultations have validated the soundness of the approach:

1. Kill the algae in the water by passing the water through a chamber where it can be exposed to intense ultraviolet light.
2. Oxidize the biological debris so that it will not remain an unfilterable colloid.
3. Add a flocculating agent to the water to cause the particles of organic matter in the water to clump together, making them easier to filter.
4. Clarify the water by passing it through a disposable cartridge filter.

Clarifying the 500 cubic meters of water in the basin once the treatment system is installed and operating will take approximately three weeks, according to U.S. technical experts.

The Department's personnel are part of an ongoing second visit of the technical delegation North Korea. Our engineers took with them instruments to measure the properties of the water in the basin, as well as an underwater video system which will allow the fuel to be viewed and inspected for the first time since the Summer of 1994. Analysis of such information will help us to put the finishing touches on the design of a suitable water treatment system that we seek to deploy as soon as funding allows.

(c) Next Steps: Canning the Spent Fuel

We hope to accomplish the canning of the North Korean irradiated fuel as soon as possible. North Korea accepted our proposed can design for storage during the November discussions with the U.S. technical delegation. Canning is necessary because it would be impossible to store the fuel in an open basin for this long without severe corrosion of the fuel elements and dispersal of highly radioactive

fission products and actinides into the environment.

It is anticipated that the fuel will need to remain in cans for a period of four to seven years, depending on the timing and sequencing of construction of the light-water reactors slated to be built in North Korea.

We anticipate more insights as a result of the ongoing technical delegation visit to North Korea.

Thus, canning the North Korean fuel will serve several objectives:

- First, it will contain the fuel in a corrosion-limiting, sealed environment so that radioactive materials do not dissolve in the basin;
- Second, it will lay the groundwork for strengthening international safeguards of the spent fuel by packing it so that the International Atomic Energy Agency can tag and seal the cans; and
- Third, it will enable the material to be shipped out of North Korea in the future according to the terms of the agreement.

III. Financing of DOE Spent Fuel Responsibilities

It is essential that we seek to minimize the costs to the taxpayers of implementing this agreement. At the same time, it is equally important that we also state as clearly as possible what we know of the possible range of costs associated with the Department's spent fuel implementation responsibilities in North Korea.

The water treatment and fuel canning costs have been very carefully estimated by companies with directly applicable experience and checked by DOE contract personnel. But we cannot eliminate the unknowns that stem from working with as unfamiliar a counter-part as North Korea, in an isolated environment.

To date, much of the costs of travel and meetings have been absorbed in the

Department of Energy's nonproliferation and nuclear energy budgets. An additional \$200,000 from funds budgeted for regional arms control and nonproliferation activities has been allocated to measurement of water properties, installation of an underwater viewing system, and designing the water treatment system. Additional funding will be required before any actual water treatment can commence.

The total funding required for water treatment in 1995 is expected to be about \$1.2 million. The cost of canning all of the spent fuel is expected to be \$6.3 million. Costs for: consulting with BNFL, a British nuclear service company, and COGEMA, a French nuclear service company; project supervision; translation; and travel for DOE personnel and technical experts from the National Laboratories and other organizations during the spent fuel activities will cost approximately \$2.5 million in FY 1995. The Department has requested of the Congress that \$10 million be reprogrammed to allow these activities to commence at the earliest possible date. Prompt approval of these funds is crucial if we are to build on the progress to date and maintain the good will established in our first visit to North Korea.

It is important to note that we will be relying on the North Koreans to transport our equipment from the port of entry to the site and to provide some of the labor that will be required during fuel canning. We will need the cooperation of the North Koreans in providing access to the site, lodging near the site, local transportation, communications, emergency medical treatment, and other basic services we take for granted in the U.S. One of the objectives of the team now in North Korea is to reach agreement on the details of the logistical understandings which will govern our contractors' work there.

If funding to start the water treatment and fuel canning is delayed, or if politics in North Korea delays our access, costs could increase because the water in the basin will have become more contaminated and the water treatment system will have to deal with larger quantities of highly radioactive fission products and actinides dispersed into the water. At this point, it does not appear that there will be a significant increase in costs for any delay under one year, but any delay in starting the canning will increase the apprehension on the part of the North Koreans that

their fuel has degraded to the point where their ability to handle it is compromised. Prompt performance on arresting the corrosion of the fuel and placing it into safe storage is essential if the spirit of cooperation which was evident during the site visit in November is to continue.

It is anticipated that all activities related to putting the spent fuel in North Korea into safe, secure storage will be completed using contracts funded in FY 1995.

We will also need to be responsive to the International Atomic Energy Agency (IAEA) which will have representatives at the site and has responsibility for the safeguarding of the fuel. Once the fuel is safely stored in the cans where it can be safeguarded by the International Atomic Energy Agency, the level of effort for DOE will decline dramatically. However, there will be a low level of activity required to assure that the temporary storage is safe.

Potential activities to be concluded after FY 1995 include:

- Visits to the site to verify that the seals on the fuel storage cans are not leaking.
- Continued provision of consumable supplies to keep the water treatment system operating so that the water remains clear enough that the fuel can be safeguarded.
- Providing heat in winter and cooling in summer to keep the temperature of the fuel storage basin within operating limits.
- If leakage occurs, the fuel in the leaking can(s) may need to be unloaded and recanned.

To assure that such activities can proceed on an as-needed basis, the best available estimates suggest that funding of less than \$1 million per year will be required during the estimated 4 to 7 year period starting in FY 1996 during which the fuel will remain in temporary storage in North Korea.

In sum, the Framework Agreement is in the U.S. interest, and North Korea's interest. Cooperation on the spent fuel provides an excellent opportunity for both parties to begin the work together to benefit international security in implementing the Agreement.

IV. Appendix: Some Questions Raised by the Committee

In my testimony above I have sought to address questions of the Committee in regard to the Agreed Framework and the Department of Energy's spent fuel responsibilities. In an effort to be responsive to the Committee's interest in other questions, such as on electrical power grids in North Korea or reactor design, we have drawn upon a range of executive agencies for unclassified answers attached below:

Q. What is the current consumption of electrical power in North Korea?

A. Their generating capacity is approximately 7.3 gigawatts or 7300 megawatts. More detail on actual consumption would be classified.

Q. What is the condition of the electrical power grid in North Korea?

A. The grid equipment is marginally functional and receives inadequate maintenance. It does not incorporate automatic load switching and is not intertied to the extent usually seen in industrialized countries.

To go into detail involves classified information.

Q. Can the North Korean grid handle the baseload from two new 1000 megawatt reactors?

A. Not as it is presently configured.

Q. Will upgrades to the grid be required?

A. Yes.

Q. How much might upgrades cost?

A. It is impossible to know without knowing where the reactors will be sited and how far away their primary loads will be. The cost of upgrading will depend on the extent of modernization. Minimal upgrades without modernization would allow the reactors to operate, but for maximum usefulness, much of the grid would have to be modernized to incorporate automatic switching.

Q. What light water reactor designs are under consideration?

A. The only design under serious consideration is the South Korean standard model, part of the design of which is licensed from Combustion Engineering in the U.S.

Q. Do the designs include U.S.-licensed technology?

A. Yes, the design includes Combustion Engineering System 80 technology.

Q. Is the often-quoted \$4 billion figure an accurate estimate of the anticipated life cycle costs of the proposed reactors?

A. The cost estimate was provided by the South Koreans and is said to include the engineering and plant design, manufacture and delivery of plant components, and construction to the point the plant is ready for commercial operation.

Q. What will be the source of the enriched uranium oxide fuel for the reactors?

A. KEDO will provide the original fuel load, along with the reactors. Purchase of subsequent loads of this low enriched uranium fuel will be the responsibility of the North Koreans.

Q. What will be the fate of the resulting waste?

A. The waste from the spent fuel would result from the operation of the reactors to be provided under the Agreed Framework. A number of options are under consideration, but no decision has been reached.

Q. What will be the ultimate disposition of the existing North Korean spent fuel?

A. This question refers to the material currently in the spent fuel basin. The Agreed Framework provides that the U.S. and North Korea will dispose of the fuel in a safe manner that does not involve reprocessing in North Korea. Several viable options exist. The IAEA and countries other than the U.S. may be involved in devising the options for disposition.

- Q. Will the irradiated fuel be reprocessed by the French or British?**
- A. This is a possibility, especially in light of their extensive experience with Magnox fuel. But no decision has been made at this time.**
- Q. Where will the high-level waste from this fuel be disposed?**
- A. A number of options will be studied. No decision has been made at this time.**
- Q. Is it possible that North Korean nuclear waste is destined for storage or a future repository in the United States?**
- A. This would not be considered as a desirable option by the Department of Energy.**

Deferred to Aoki
on 1/19
SR

Washfax Receipt

Department of State

B

95 JAN 19 P8:39

S/S #



Message No. 016466

Classification SECRET

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From: Laurel Shea Gallivan
(Officer name)

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647-8448
(Extension)

7224
(Room number)

Message Description Cable to USVIENNA: U.S. VIEWS OF IAEA'S CONCERNS
OF DPRK ACTIVITIES

To (Agency):

NSCS

Deliver To:

Mr. G. G. G. G.

Extension

456-9461

Room No.

WHSITRM

Andy Sens

Executive Secretariat

PONEMAN

ROTH

AOKI

SUETTINGER

For:

Clearance ☒

Information ☐

Per Request ☐

Comment ☐

Remarks:

Please clear by:

"MUST GO" 19 JAN 95, IAEA inspectors
leaving for North Korea tomorrow.

NSC POC: STEVE AOKI

S/S Officer: L. Gallivan by RSR
Laurel Shea Gallivan

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ATTACHMENTS
Initials: VZ Date: 7/27/1995
2005-0528-1

CROSSHATCH

Return Time-Stamped Coversheet to S/S

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005a. memo	Phone Number. [partial] (1 page)	01/19/1995	P6/b(6)

COLLECTION:

Clinton Presidential Records
National Security Council
Asian Affairs (Sandra Kristoff)
OA/Box Number: 1040

FOLDER TITLE:

North Korea, 1995 [8]

2009-0528-F

vz1464

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]



United States Department of State

Washington, D.C. 20520

19 January 1995

TO: S/S
FROM: S/AL - Gary Samore (7-1829) *veg*
SUBJECT: Must go letter for two cables

These two cables must be sent out tonight because the information and/or instructions are needed tomorrow. In the first instance, information in the two USVienna cables must reach the International Atomic Energy Agency (IAEA) inspectors before leaving tomorrow for the freeze monitoring meetings in North Korea.

The Point of Contact is Venetia Carotenuto.
work # 7-1868; home # [REDACTED]

[005a]

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005b. draft	Cable: U.S. Views. (3 pages)	01/19/1995	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Asian Affairs (Sandra Kristoff)
OA/Box Number: 1040

FOLDER TITLE:

North Korea, 1995 [8]

2009-0528-F
vz1464

RESTRICTION CODES

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

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- 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
006a. memo	For Anthony Lake from Stevne Aoki. Subject: Next Steps. Record ID: 9500273 (2 pages)	01/18/1995	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Asian Affairs (Sandra Kristoff)
OA/Box Number: 1040

FOLDER TITLE:

North Korea, 1995 [8]

2009-0528-F
vz1464

RESTRICTION CODES

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

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

RR. Document will be reviewed upon request.

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

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Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006b. memo	For the President from Anthony Lake. Subject: Next Steps. (4 pages)	01/18/1995	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Asian Affairs (Sandra Kristoff)
OA/Box Number: 1040

FOLDER TITLE:

North Korea, 1995 [8]

2009-0528-F

vz1464

RESTRICTION CODES

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

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