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*29 NOV 95*



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Authority: EO 13526  
Chief, Records & Declass Div, WHS  
Date: JUN 10 2019

1995 NOV 27 PM 1:46

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MEMORANDUM FOR SECRETARY OF DEFENSE  
DEPUTY SECRETARY OF DEFENSE

FROM: UNDER SECRETARY OF DEFENSE FOR POLICY  
Prepared by: OSD Korea Action Team, 697-5278 Nov 27, 1995

SUBJECT: Update on KEDO-DPRK Talks in New York and Spent  
Fuel Canning (U)  
INFORMATION MEMORANDUM

## KEDO-DPRK TALKS

- (C) DPRK impatience with the plodding pace of the New York negotiations, now six weeks old, could bring the talks to a head this week. The North's frustration stems from an inability to settle with KEDO a handful of remaining issues in the LWR Supply Agreement. To force the pace, the North has resorted to accusations that KEDO and the US are interfering in DPRK internal affairs and using the LWR project as a "Trojan horse."
- (C) Remaining issues center on language that would 1) reinforce the ROK's central role in the LWR project; 2) preserve KEDO's right to decide certain key issues jointly with the DPRK; and 3) make marginal adjustments to the scope of supply and terms of repayment.
- (C) KEDO Director Bosworth believes that the DPRK delegation is desperate for an agreement and is under growing pressure from Pyongyang to close the deal on politically acceptable terms. The most recent DPRK proposals represent an effort to wrap up the talks but also, in Bosworth's view, set the stage for a walk out by the North if it does not secure adequate movement from KEDO.
- (C) Bosworth offered a new proposal on Monday, November 20, that goes part way in meeting DPRK needs, but still contains terms that we expect the North to find objectionable and could precipitate a DPRK walk out. (The DPRK delegation sent the proposal back to Pyongyang for instructions.) A break in negotiations would not necessarily spell serious trouble for the Agreed Framework; the North looks to the US as the final court of appeal in negotiations and is not likely to abrogate the AF, with its promise of material benefits, before pressing for bilateral talks with the US.
- (S) However, a growing area of concern involves recent DPRK military moves (aircraft deployments, unit reorganizations), which could represent a general policy

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shift toward a harder military and diplomatic line. Such a turn could pose a significant risk to the AF, but, as yet, there is no evidence of a coherent policy thread connecting DPRK military activities and the negotiating process in New York.

- (S) To date, Kim Chong-il has been careful to insulate the AF negotiations from other shocks and initiatives for at least two reasons: 1) the AF is his hallmark accomplishment in foreign policy and a fulfillment of his father's last policy course; and 2) the AF represents the DPRK's only lifeline to the international community and its best opportunity to normalize relations with the US. These ties are essential in securing the economic support needed to buoy the DPRK's faltering economy.

**SPENT FUEL CANNING**

- (C) The spent fuel canning operation is bogged down by technical difficulties in completing preparatory work for the canning. In particular, the vacuuming of radioactive sludge from the bottom of the spent fuel pond at Yongbyon has been delayed by the DoE contractor's inability to put the vacuuming equipment into operation. Vacuuming is important because it will clear away debris and provide an unobstructed view of the pool bottom, allowing proper placement of the spent fuel storage rack.
- (C) DoE experts have determined that vacuuming is necessary before canning begins and the DPRK has conveyed its desire for vacuuming to occur. However, the contractors have come to the conclusion that the present equipment is inadequate to perform the task and are exploring two options: 1) modification of the current vacuuming system; or 2) purchase and installation of a new system. Either option will entail greater expense and more delays (canning is now more than a month behind schedule). US interagency is pressing the contractors to come up with a technical fix as quickly as possible.
- (C) A further complication to the effort is the DPRK's refusal this week to issue visas for spent fuel team contractors traveling to Yongbyon on a rotational basis. A long-term restriction on entry will bring the canning effort to a standstill as we are unable to cycle in the necessary expertise for specific aspects of the mission.
- (C) The North has not given a rationale for this obstructionism, but could be pressuring KEDO and the US to conclude LWR talks in New York as quickly as possible on terms acceptable to the DPRK. State is seeking clarification on the travel restrictions from North Korea and, if they begin to impinge directly on the canning operation, will urge the DPRK to lift these restrictions in line with its AF obligations.

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