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BEFORE THE
SUBCOMMITTEES ON
INTERNATIONAL ECONOMIC POLICY AND TRADE
AND
ASIA AND THE PACIFIC
OF THE
COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS
FIRST SESSION
FEBRUARY 23, 1995

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(III)
NORTH KOREAN MILITARY AND NUCLEAR PROLIFERATION THREAT: EVALUATION OF THE UNITED STATES-DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA AGREED FRAMEWORK

THURSDAY, FEBRUARY 23, 1995

HOUSE OF REPRESENTATIVES, COMMITTEE ON INTERNATIONAL RELATIONS, SUBCOMMITTEE ON INTERNATIONAL ECONOMIC POLICY AND TRADE, AND THE SUBCOMMITTEE ON ASIA AND THE PACIFIC, Washington, DC.

The subcommittees met, pursuant to call, at 10 a.m., in room 2172, Rayburn House Office Building, Hon. Doug Bereuter (chairman of the Subcommittee on Asia and the Pacific) presiding.

Mr. BEREUTER. The subcommittees will come to order.

The Subcommittee on Asia and the Pacific and the Subcommittee on International Economic Policy and Trade meet today to look into the United States effort to address the regional security and nuclear proliferation threat from North Korea.

Last October, the United States and North Korea signed an agreed framework which, if fully carried out, would address a number of United States concerns about that highly secretive country's nuclear program.

Among other things, the accord obligates North Korea to freeze and eventually dismantle its graphite based nuclear program, and also provides eventually for long delayed special inspections of suspected nuclear waste dumps. These inspections are essential to determining whether North Korea has in the past diverted nuclear material to a nuclear weapons program. Such diversions are strongly suspected by U.S. intelligence agencies and the International Atomic Energy Agency.

The agreement with North Korea was concluded only after some 17 months of intense negotiations, punctuated by precipitous actions by North Korea, such as removing the fuel rods from its one operating reactor without required IAEA supervision, and by administration preparations to seek economic sanctions from the U.N. Security Council.

The agreed framework was negotiated largely by one of our administration witnesses today, Ambassador at Large Robert Gallucci. Let me say at the outset that I have serious concerns about the agreement with North Korea, which I will set forth in some detail at this hearing, but I have only the highest regard for Ambassador Gallucci and the job that he has done.
I can hardly think of a more difficult task than dealing with that bizarre and enigmatic regime. He showed both mental toughness and creativity in breaking the negotiating impasse, and I have no doubt that given the parameters within which he had to operate, that he acquitted himself very well.

My admiration for Ambassador Gallucci notwithstanding, the Congress has been presented with an agreement that seems to raise more questions than it resolves. Moreover, there appears to be growing concern and reasons for concern that North Korea is backing away from it, even as we deliberate here today.

Ambassador Gallucci is accompanied by Hon. Thomas Hubbard, Deputy Assistant Secretary of State for East Asian and Pacific Affairs, a key member of the U.S. negotiating team. Mr. Hubbard spent part of his Christmas holiday in North Korea negotiating the release of our United States Army helicopter pilot who strayed across the demilitarized zone. The downing of that helicopter, which resulted in the death of a crew member, and unnecessarily prolonged holding of the pilot, underscores the continued military confrontation at the DMZ, and the hostile nature of the North Korean Government.

I understand that Mr. Hubbard may want to say a few words at the conclusion of Ambassador Gallucci's statement in order to put the nuclear agreement with North Korea in broader context as regards United States regional policy. But we have not asked for a prepared statement from him.

Our second administration witness is Hon. Edward L. Warner III, Assistant Secretary of Defense for Strategy and Requirements. I have asked Dr. Warner in particular to address the security situation on the Korean Peninsula, and the military perspective on the October 1994 United States-North Korea nuclear agreement, including the consequences should North Korea fail to carry out its part of the accord.

I also indicated my concern and that of many of my colleagues that for at least the next 5 years we will not have a full accounting of North Korea's stock of nuclear material. To the extent that Dr. Warner can do so in an open hearing, I hope that he will address how the Department of Defense and our military forces plan to factor into United States defense strategy the possibility that North Korea already has one or two nuclear weapons.

In addition to the administration witnesses, we have a second panel of distinguished private witnesses. And I do not want to shortchange the time that we have available for them. They include Dr. Edward J. Feulner, Jr., president of the Heritage Foundation, and immediate past Chairman of the U.S. Advisory Commission on Public Diplomacy; Mr. Robert A. Manning of the Progressive Policy Institute, a former East Asia adviser to the State Department during the Bush administration; and Mr. Leonard S. Spector, the director of the Nuclear Nonproliferation Project at the Carnegie Endowment for International Peace, and a leading non-proliferation policy specialist.

Without preempting today's witnesses and the questions of my colleagues, I would like to take just a moment to indicate some broad areas of concern.

First, why did the U.S. Government wait so long before responding to what our intelligence assets indicated was a clear threat
posed by North Korea’s reprocessing activities beginning in the 1980’s?

Second, whatever benefits the agreement may bring, such as a freeze and dismantling of nuclear facilities, on its face the agreement appears to reward countries that refuse to meet their obligations under the Nuclear Nonproliferation Treaty. This seems to me to have troubling implications for our wider nonproliferation policy.

Third, there seems to be a gap between the agreed framework and some of the benefits claimed for it. I appreciate that some of the details are contained in a classified annex, but all of us are concerned about North Korea’s current adamant stance about receiving South Korean reactors, even though the administration has said that North Korea must accept this condition. And I would re-emphasize that that is my concern too, that we are not going to move on that issue.

Fourth, many are troubled by the long delay, perhaps as long as 5 years, before North Korea’s undeclared waste sites will be inspected, and the lack of any clear agreement about what will happen if discrepancies are found.

Fifth, several recent developments raise serious new questions about the agreement, and North Korea’s intentions, and the tightness of the accord’s drafting. These include the issue of whether North Korea has diverted United States supplied heavy oil to its military machine, as was suggested by Gen. Gary Luck in testimony to the Senate Armed Services Committee last Friday.

Finally, at least for the moment, I am concerned that the administration is not taking a broad enough view of United States security interests in the Korean Peninsula, and may not be working close enough with our allies, especially South Korea to address other aspects of the North Korea threat. I believe Ambassador Gallucci and Secretary Hubbard can address that issue, and I believe that they have a good case to make. But we want to hear it on the record, gentlemen.

If we do not know whether North Korea has diverted materials to nuclear weapons for 5 years, what steps should we take in the interim to deal with the possibility that they have one or two nuclear weapons? What plan does the administration have to engage the North Koreans to reduce its conventional forces and deploy them in less threatening postures?

Clearly, this is one of the most important regional security issues confronting the Congress. It is a matter of frustration to many members including myself that our ability to influence this agreement after the fact is very limited, unless we are prepared to risk its collapse.

If I could draw a personal bottom line. It comes down to two points. One, the administration will find itself on exceedingly shaky ground with Congress, if it allows North Korea to force a renegotiation of any aspect of the accord. Two, it is unacceptable if the administration allows the North Koreans to drive a wedge between us and the Republic of Korea.

I am convinced that this administration understands that. And the Congress will stand with you in assuring that there is no wedge driven between the South Koreans and the United States.
[The prepared statement of Mr. Bereuter appears in the appendix.]

Mr. BEREUTER. I am prepared in short order to turn to my colleague, Hon. Toby Roth, who chairs the International Economic Policy and Trade Subcommittee; and then to the two ranking members of the subcommittees, Mr. Howard Berman and Mr. Sam Gejdenson.

But we do have a vote on, and I propose that we pick up immediately with your comments, and then we will move to the witnesses. I would also permit all members without exception to include their full opening statements if they exist in the record. But we will recess for approximately 10 minutes, and return as soon as possible.

[Recess.]

Mr. BEREUTER. The subcommittees will resume their sitting. Because proliferation issues are within the jurisdiction of the International Economic Policy and Trade Subcommittee, we are holding, as I mentioned earlier, a joint hearing. And I turn now to the chairman of the International Economic Policy and Trade Subcommittee, Toby Roth, for his remarks.

Mr. ROTH. Well, thank you very much, Chairman Bereuter. I enjoy holding this hearing with you, because I think that it is very important we have this hearing, and have an airing of the issues. So let me join you in welcoming our witnesses today.

We are holding this hearing, because a nuclear situation on the North Korean Peninsula has reached a critical stage. The problem is not only North Korea's drive to build a nuclear device. The implications are much greater. If we do not find a solution to this problem, we will see the inevitable spread of nuclear weapons and instability across Asia.

If that happens, we will be confronted with a major threat to peace and stability. To head this off, our Government is taking a huge gamble replacing North Korea's reactors to reduce their ability to produce plutonium in return for their commitment not to build a nuclear weapon.

Ambassador Gallucci, you have been on the front line of this problem, and we appreciate your dedicated efforts to negotiate an agreement. You are dealing with perhaps the most elusive, voracious, and untrustworthy regime in the world today. If there is criticism of this agreement, it is not directed at you. It is an expression of the doubts and fears that many of us have that North Korea will not abide by whatever terms are put down on paper.

Even if the deal works, we will not know for several years. Ten years from now, it may be possible to declare a success; but as I see it, not now.

U.S. resolve will be tested constantly. Let me also suggest that the administration has not tried to oversell this deal. It is far too early to declare that this agreement has solved the problem.

The State Department would be far better off by saying that it simply does not know whether it will work. But that really is not a better alternative as I can see it.

Let me also express my concern that we have not properly treated our ally, the Republic of Korea. I have met with officials of their government. And while they appreciate our efforts, they have grave
doubts. We need to do a better job, I believe, in coordinating our policy with the Republic's.

I look forward to this testimony on what is surely our most urgent security problem today. And with that, Mr. Chairman, I again appreciate having this hearing. I think that it is most important. And I join you in welcoming our witnesses. And I hope that we can get on to the questioning and into the testimony.

Mr. BEREUTER. Thank you very much, Chairman Roth.

I now turn to the ranking member of the Asia and the Pacific Subcommittee, the distinguished gentleman from California, Mr. Berman, for his remarks.

Mr. BERMAN. Thank you very much, Mr. Chairman, for recognizing me, and for arranging the hearing. And most particularly, for your opening statement. Because I think that you provided a very excellent analysis in a very objective fashion of the situation as it stands right now.

There has been a lot of second guessing about this agreed framework between ourselves and North Korea. I think that it is a good agreement overall. I think that the administration was able to negotiate the best accord that anyone could have in the circumstances.

I note that the agreement comes at the end of a process that began with IAEA's confirmation in 1992, and some believe earlier than that, that the North Koreans had reprocessed more plutonium than they had previously revealed to the agency.

I also note that with the exception of the denuclearization imposed on Iraq after the Gulf war, which Ambassador Gallucci was also heavily involved with, the agreed framework goes further than any previous accord in eliminating an emerging nuclear capacity.

This clearly is not a perfect agreement. And I am concerned that the delay in international inspection of present North Korean nuclear waste sites limits our ability to ascertain the amount of plutonium that may already have been processed by Pyongyang.

I am also concerned with recent reports that the North Koreans are already trying to reinterpret the agreement. I want to hear further from the administration on North Korea's attempts to cut Seoul out of the equation, especially as providers of substitute nuclear technology.

It is also important to recognize that the agreement can only be considered a small step in a much broader political process on the Korean Peninsula leading to the reduction of tensions and enhanced security.

I know that at least one of the witnesses on the second panel has written about this very issue, and I hope to engage the witnesses in a discussion of the concerns and vital role to be played by South Korea, and the future role and direction of United States policy and security presence in the region.

At the same time, I think that it behooves the critics of the agreement to examine its details. First and foremost, if they believe that this accord is fatally flawed, then they should be prepared to present an alternative approach. Unless they can do so, they should be very careful about using this agreement to engage in a reflexive assault on President Clinton's foreign policy. I am happy
to say that based on my earlier conversations and the chairman’s opening statement, that he is not approaching it in this fashion.

A year ago, we were talking about the possibility of war with North Korea. Rising tensions, had we not negotiated this accord, would at the very least have cost us hundreds of millions of dollars to bolster defense forces in South Korea.

This agreement does almost nothing to either provide material support or increased legitimacy for the North Korean regime. The truth is whether or not the dictatorship survives remains largely in the hands of the North Korean despots, who now have a new opportunity to move toward participation in the community of civilized nations.

I look forward to hearing the testimony of our excellent witnesses, and I thank you.

Mr. BEREUTER. I thank the gentleman for his excellent statement.

Does the gentleman from Connecticut have an opening statement as the ranking member of the International Economic Policy and Trade Subcommittee?

Mr. GEJDESON. No, Mr. Chairman. I just commend you for holding this hearing. And I join with my colleague, Mr. Berman, and yourself, and Mr. Roth. This is not only an important issue for the Korean Peninsula, but obviously other places in the world watch how we resolve these issues. So it is terribly important that we move forward as united as possible as a nation, and deal with what is obviously a very serious situation. Thank you.

Mr. BEREUTER. Thank you very much.

Are there other members who would like to make a statement?

Mr. KIM. Yes, Mr. Chairman.

Mr. BEREUTER. I recognize the gentleman from California, Mr. Kim.

Mr. KIM. Thank you, Mr. Chairman.

I am very anxious to hear the testimony from Mr. Gallucci. As you know, I do have some serious concerns. One of them, I would like to bring to you as a beginning statement. It seems like North Korea has refused to accept any assistance for this lightwater reactor from South Korea, which gives the impression that we are going back to square one again. And that is not the way that I understand this agreement.

I was clearly informed that that particularity had been well taken care of. That is one concern. And I do have some other concerns about the basic agreement that we have with the North Koreans. I am very anxious to listen to your testimony. And thank you again, Mr. Chairman, for your fine work.

Mr. BEREUTER. Thank you, Mr. Kim.

I believe the gentleman from New York, the distinguished member and former chairman of the subcommittee, has some remarks that he would like to make. And I recognize him for that purpose.

Mr. ACKERMAN. Thank you very much, Mr. Chairman. Let me first thank you for calling this very timely hearing on this exceptionally important subject, a subject which continues to cause all of us so much concern. I want to share in those concerns that you, Mr. Chairman, and others have expressed here, because they certainly are ongoing. And we, I am sure, should expect those con-
cerns to be ongoing until this situation is resolved in such a way that all of us can be much more comfortable with it.

That being said, I do want to compliment the administration on the extraordinary way that they have handled this very difficult hot spot, probably the most difficult on the planet today.

The North Koreans, as most people are becoming more and more aware, are very difficult to deal with. They are unreliable negotiating partners, that, none the less, must be engaged in some kind of negotiation to bring them to the table. We must create some kind of agreement with mechanisms to try to hold them to that which they have agreed.

Never before in my recollection, having served in Congress under three different Presidents and numerous Secretaries of State, have I ever seen an administration even willing to tackle the issue of nuclear proliferation vis-a-vis the North Koreans. Certainly embarking on such a program is fraught with political as well as other risks. But the down side, as we have seen leading up to this agreed framework, would result in nothing less than the North Koreans continuing to build and continuing to accumulate a nuclear arsenal unabated unstoppable, and unhindered.

This administration and Ambassador Gallucci in particular have achieved what none before them have even attempted. That is to embark upon an agreement that at least at the outset has caught the attention and imagination of the North Koreans. It proceeds in a way that the down side risk to us is very, very minimal, considering the option of not having an agreement at all. It proceeds with incremental steps, and is fashioned in a way that we can stop at any given time before we get into a position that is more dangerous than anyplace from which we started, or anyplace along the way.

So I want to compliment the Ambassador and the Secretary as well for the extraordinary work that they have done. They both have acted in exemplary fashion on behalf of our country. And we are all very, very proud of them. And we anxiously await their testimony.

Mr. BEREUTER. Thank you very much, Mr. Ackerman.
Are there further statements?
[No response.]
Mr. BEREUTER. We will then turn to Ambassador Gallucci as the first witness; followed by Mr. Hubbard, if he wishes to make a few additional points. And then Assistant Secretary of Defense Warner.

In the interests of a good dialog with members of our two subcommittees, I would ask Ambassador Gallucci and Assistant Secretary Warner each to take about 10 minutes for their initial comments. If you can answer some of my initial questions, I would appreciate it. I might be able to defer my questions. We will put your full statements in the record.

And after the administration witnesses, I will remind my colleagues that we will have another panel. So we will attempt to limit members’ questions in the normal policy here to 5 minutes each, so we can move to our second panel.

Ambassador Gallucci was assigned his duties as Ambassador at Large in August 1994. Until then and since July 1992, he was Assistant Secretary of State for Political and Military Affairs. Prior to that, he was the senior coordinator responsible for nonproliferation-
tion and nuclear safety initiatives in the former Soviet Union, the Office of the Deputy Secretary.

Ambassador Gallucci, you may proceed as you wish.

STATEMENT OF HON. ROBERT L. GALLUCCI, AMBASSADOR AT LARGE

Ambassador Gallucci. Mr. Chairman, thank you very much. It is a pleasure to have the opportunity to appear before the subcommittee.

Mr. Chairman, I will try to stick to your 10-minute guideline. This is a complicated agreed framework. And many of the issues that you raise are themselves complicated, but I will do the best I can.

Mr. Chairman and members of the committee, the Clinton administration believes that the approach that we have taken in the agreed framework serves our interests, the interests of our allies in the region, and those of the international community.

If it is fully implemented, it will create a nuclear free Korean Peninsula, erase an important threat to the international non-proliferation regime, and potentially open the door to discussions on other issues of concern, such as the North’s export of ballistic missiles.

Since there has been a great deal of testimony recently, including Secretary Christopher’s extensive remarks before the Senate Foreign Relations Committee, I would just like to briefly explain our approach to the negotiations, and then elaborate a bit on why we believe the agreed framework is in our national interests. I would also like to conclude with a few remarks on the status of our efforts to implement the agreement so far.

Mr. Chairman, when the Clinton administration entered office in January 1993, it was immediately confronted with the problem of North Korea’s nuclear program. That program, which had been underway for more than a decade, had the potential to produce hundreds of kilograms of plutonium and a significant stockpile of nuclear weapons by the end of this decade.

Such a nuclear stockpile, in the hands of a totalitarian regime that had engaged in aggression in the past, whose conventional forces already threaten our close allies in the region, and that had seen fit to export ballistic missiles and might well do the same with nuclear material, would have been intolerable.

The Clinton administration’s direct involvement with the nuclear issue began in March 1993 when North Korea announced its intention to withdraw from the Nuclear Nonproliferation Treaty. That declaration, coming after the IAEA was unable to resolve discrepancies in the way that the North accounted for its plutonium stockpiles, raised international alarm about North Korea’s nuclear program.

Some comments about this period of negotiations. First, throughout the period, our diplomacy to resolve the nuclear issue was conducted from a position of strength including evident military readiness on the ground. When North Korea took the unacceptable step of unloading fuel from its 5-megawatt reactor last spring, we were prepared to pursue a sanctions resolution in the Security Council,
and to put additional military forces in place to counter any hostile reaction. And the North Koreans knew that.

When talks ultimately resumed, it was only after North Korea accepted our new terms, namely that it not reload and operate its 5-megawatt reactor, and not reprocess any of the spent fuel in the storage pond, and accept a continuing IAEA presence.

Second here, we set ourselves the goal of neutralizing the North Korean nuclear program in a way that went far beyond simply gaining North Korean compliance with its NPT safeguards. Our initial goal when we began this process was to bring North Korea back into compliance with its IAEA safeguard obligations, and to end its threat to withdraw from the NPT.

But the North's interest in lightwater reactors opened the door to a more far-reaching solution. That is freezing and ultimately dismantling its entire gas-graphite nuclear program.

Together with our South Korean and Japanese allies, we decided to pursue this more far-reaching objective. Because even under IAEA safeguards, these facilities posed a threat to our security and the security of our allies. They would have enabled, these facilities would have enabled the North to continue to produce and to separate large quantities of weapons grade plutonium.

As a result, when we went back to the table in Geneva last summer, we were determined to secure North Korea's return to its IAEA obligations, and to dismantle North Korea's existing nuclear facilities. We succeeded in both of these objectives.

The third point is that we conducted our policy and continue to do so in close consultations with our allies, South Korea and Japan. These consultations have been unparalleled in my 20 years in government. They have been conducted through embassies in capitals, working level discussions, daily consultations through the negotiations, regular trilateral meetings, and contacts between the highest levels of all three governments.

If I could briefly turn to the framework itself. The result of these efforts was that the United States-Democratic People's Republic of Korea agreed framework was concluded. And the conclusion of the framework in turn resulted in an immediate freeze on North Korea's nuclear program. The freeze includes a prohibition on the reloading and restarting of the 5-megawatt reactor, and thus a halt to any further production of plutonium.

It also includes sealing the reprocessing plant, and requires the safe storage and eventual shipment of the existing spent fuel out of the country. This puts a stop to the separation of any more plutonium and makes provision for the removal of four to five bombs nuclear weapons worth of plutonium out of North Korea.

The framework also freezes construction of the two large reactors, the 50 and 200 megawatt reactors, which when completed would have produced enough plutonium for dozens of bombs each year.

Finally, under the agreed framework, North Korea will remain in the NPT. It must take any measures deemed necessary by the IAEA, including special inspections, to fully disclose past nuclear activities.

The North Koreans, of course, get something in return. In return, we will lead an international effort to provide North Korea with
proliferation-resistant light-water reactors and heavy fuel oil shipments until those reactors come on line.

In this context, I want to emphasize that no delivery of any significant nuclear components for the reactors will take place until North Korea complies fully with its safeguards obligations.

Also under the framework, the United States and North Korea will move toward more normal relations including the opening of liaison offices in each other's capitals. However, under the framework, full normalization will only come when the DPRK moves to resolve other issues of concern to us.

We have already identified for the North our strong concerns about its ballistic missiles exports, and its forward destabilizing deployment of conventional forces.

In addition to opening the way for the establishment of more normal political and economic relations between the United States and North Korea, the framework is intended to promote dialog between North and South.

As part of the framework, North Korea has pledged to resume dialogue with South Korea on matters affecting peace and security on the Peninsula. We have made it clear that resuming North-South dialogue is essential to success of the framework. Deputy Assistant Secretary Hubbard will have more to say on this point.

In sum, the agreed framework is a good deal for us. It places the burden of up front performance on North Korea, not on the United States. North Korea was required to freeze its nuclear program immediately. It has done that. In response, we have provided the North with a small amount of heavy fuel oil, and begun to move toward establishing liaison offices, and very selectively eased commercial sanctions.

We are also working with the North to place the existing spent fuel in containers for it to be ready for shipment out of the country. The most significant benefit for North Korea, the construction of light-water reactors, will not come for several years. And sensitive nuclear components, as I said before, for them will not be delivered until the North fully accounts for his past nuclear activities.

The framework also places highest priority on the elements of the North program that most acutely threaten United States and regional security. Our most immediate concerns were the North's current capability to produce more plutonium for nuclear weapons, the existing spent fuel, the operating 5-megawatt reactor, and the reprocessing plant, and its potential ability to produce more in the future, the two larger reactors under construction.

All of these facilities are dealt with in the agreed framework. That document also requires the North Koreans to accept special inspections, and to come clean on past nuclear activities, but not obviously immediately.

Quite frankly, Mr. Chairman, while it was vital to achieve that commitment to special inspections, from a national security perspective, just when those inspections were conducted was less critical than the time-urgent need to stop any further production or separation of plutonium. The information to be obtained from those special inspections will not perish during this time.

Finally, we will be able to monitor closely North Korean compliance with the agreed framework, both through IAEA inspection
and the use of our own national technical means. Moreover, the structure of the agreed framework provides us with additional insurance, since the path to implementation has defined checkpoints.

If at any time North Korea fails to meet its obligations, we can take appropriate action. Since the burden of up front performance falls on the North, if the agreement breaks down before the LWR's are complete, we will still be ahead of the game. North Korea's entire nuclear program will be frozen potentially for years.

Mr. Chairman, while the conclusion of the agreed framework is an important step, successful implementation will be critical. For our part, the United States intends to live up to its end of the bargain if North Korea fulfills its commitments. Currently, our overall assessment is that, while we do have some concerns, we are satisfied with implementation of the agreed framework.

I would like to very briefly describe the status of the implementation activity to date. On the nuclear freeze, North Korea has frozen its entire program. While the IAEA already has inspectors on the ground monitoring the freeze, the presence will be expanded. We understand that the talks between the DPRK and the IAEA on expanding the agency's monitoring measures have gone well, and hopefully will be completed soon.

On spent fuel storage, the United States and North Korea have agreed to a plan for safely storing the existing spent fuel unloaded from the 5-megawatt reactor last spring. That fuel, if reprocessed, would have yielded sufficient plutonium for four to five nuclear weapons. The process of placing the fuel in canisters for safe storage and eventual shipment out of the country can begin this spring and be completed by next fall, provided that the Department of Energy's request for reprogramming is approved by Congress soon.

On easing commercial restrictions, the United States and North Korea have eased restrictions on commercial transactions. On January 20, the United States announced the easing of sanctions against North Korea including areas such as telecommunications, travel, journalism, and financial transactions. How we build on these full steps will depend on North Korea's performance on a wide range of issues of concern, two of which I have alluded to already.

On liaison offices, the agreed framework called for the United States and Democratic People's Republic of Korea to open these offices in each other's capitals after resolving technical and consular issues related to such an opening. These offices would be opened at the lowest level allowed under the Vienna Convention on Diplomatic Relations, and staffing will be kept to a minimum.

After two rounds of expert level talks, most of the technical issues and all of the consular issues have been resolved, but further meetings will be necessary.

On the light-water reactor supply contract, under the terms of the agreed framework, best efforts should be made to reach a light-water reactor supply contract by April 21 of this year. While discussions with the DPRK on the light-water reactor project have made progress, critical differences remain. The most important is which country will provide North Korea with those reactors.

From the United States perspective, the only viable vendor is the Republic of Korea. The ROK which has offered to play a central
role in financing the light-water reactor project, and Japan which will provide significant funding for the project, insist on the provision of South Korean reactors. This point has been emphasized time and time again to the North.

The DPRK says that it is concerned about the technical viability of those reactors. But more accurately, we believe, that the North finds it politically difficult to have South Koreans build reactors in its country. We plan to have another meeting with the DPRK on the light-water reactor project soon. There simply is no alternative to the South Korean reactor.

On heavy fuel oil deliveries. As specified in the agreed framework, the United States delivered 50,000 tons of heavy fuel oil to North Korea in January. We do have some concern about the disposition of a small portion of the heavy fuel oil that we have shipped them for heating and power generation. We have no concern, however, that the power has been used to power North Korea's military machine. One of the reasons that we sent them heavy fuel oil in the first place is that it cannot be used in planes or in vehicles. We have raised this concern with North Korea, and told them that we expect them to comply fully with the claims of the framework.

On the establishment of KEDO, we have made good progress on establishing the Korean Peninsula Energy Development Organization or KEDO. This is the international consortium that will have a key role in implementing the framework. It is KEDO that will ensure the provision of light-water reactors to North Korea, the heavy fuel oil shipments, the safe storage of spent fuel, and its eventual shipment out of North Korea.

KEDO's structure will also allow for broad international participation. The United States supported by its trilateral partners has begun to approach other potential members of KEDO in Asia, the Middle East, and Europe. We hope to hold a meeting of interested countries next month.

Finally, on the North-South dialog. The agreed framework obliges the DPRK to take steps to implement the North-South declaration on denuclearization, and to engage in North-South dialog. This dialog is therefore essential, if the framework is to be fully implemented. Even more to the point, however, the North-South dialog is the key to creating a solid stable state of peace on the Korean Peninsula.

So far, the DPRK has not taken any steps to fulfill its obligations under the framework to engage in North-South dialog. We are using every possible occasion to emphasize to the DPRK that dialog is vital to the full implementation of the framework. The United States will remain in close consultation with the ROK on this issue.

Mr. Chairman, thank you very much.

[The prepared statement of Ambassador Gallucci appears in the appendix.]

Mr. BEREUTER. Thank you, Ambassador Gallucci. I think that it was appropriate that you have a chance to complete your full statement in some detail, so that members of Congress will understand it, and so that the American public will have a better understanding of the agreement and the context.
Accompanying Ambassador Gallucci today is another key member of the U.S. negotiating team, Hon. Thomas Hubbard, Deputy Assistant Secretary of State for East Asian and Pacific Affairs. We did not ask him for a prepared statement. But perhaps to speak to the broader context of this agreement with respect to United States-Korean Peninsula issues, we recognize you for 2 or 3 minutes or whatever you need, to adequately supplement the remarks of the Ambassador and provide us the regional context.

Secretary Hubbard, you are recognized for your remarks.

STATEMENT OF HON. THOMAS HUBBARD, DEPUTY ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS, DEPARTMENT OF STATE

Mr. HUBBARD. Mr. Chairman, thank you very much for giving me the opportunity to add just a few brief words to what Ambassador Gallucci has said. I wanted to be here and to speak in part in order to stress the point that throughout this process of negotiating with North Korea, this has been a team effort for the Department of State.

As you mentioned, I have been an integral part of the negotiating process, have been with Ambassador Gallucci throughout, and have had a few ventures of my own in negotiating with the North Koreans.

My boss, Assistant Secretary Lord, has been a key member of the policymaking process. And in fact, he would be here with you today if he were not right now in Seoul in fact consulting on how we and the ROK can work together to implement the agreed framework, and to achieve our broader objectives on the Peninsula.

Indeed, our objectives are broader than just implementing the agreed framework. The framework is, of course, a critical effort to implement or to achieve our nonproliferation objectives, but it is also an important step in which the United States and the Republic of Korea work together toward our common goal; that is peace and security on the Korean Peninsula.

As Ambassador Gallucci has said, the agreed framework obliges the DPRK to take two specific actions in relation to the ROK. One, to take steps to implement the North-South joint declaration on the denuclearization of the Korean Peninsula. And two, to engage in North-South dialog. South-North dialog is therefore essential if the framework itself is to be fully implemented. But it is probably even more important to note that South-North dialog is key to a broader effort to create a solid stable state of peace on the Peninsula.

The dialog will, of course, create an atmosphere, we hope will create an atmosphere that will be conducive to the expanded interaction between South and North, that will be required to carry out the projects envisaged under the framework. And here let me stress again that one of those projects is the provision of South Korean reactors to North Korea. That is an essential part of this process.

It is a matter of continuing concern that the DPRK has not yet taken any steps to fulfill its obligations to engage in North-South dialog. We are using every possible occasion to reinforce to the North Koreans that dialog is vital to the full implementation of the
framework. And as I said, we stay in the closest consultation with the ROK, with Assistant Secretary Lord there right now.

Ambassador Gallucci has also described our efforts and our steps to comply with the agreed framework's provisions regarding the establishment of liaison offices between the United States and the Democratic People's Republic of Korea. We believe that those liaison offices will facilitate communication, and will help us deal with issues like that of the helicopter incident without having to send senior officials off to North Korea.

But let me stress that we will not establish these offices, and we will not improve our relations with North Korea at the expense of our vital alliance and our vital relationship with South Korea.

We do plan to move forward with the liaison offices when we resolve the technical issues. We have not yet reached that point. We will not go beyond that, however, without improvement across a broad range of issues. Ambassador Gallucci has pointed out some of those issues, including missile proliferation and conventional troop deployment. Let me add two others to those. That is progress on MIA's. And genuine progress in North-South dialog will be needed, if we are to move toward full diplomatic relations.

Let me finally stress one other issue. It is an issue that is separate from the agreed framework, but a very important one to us. That relates to the status of the armistice, and the status of the Military Armistice Commission. Of course, the spotlight was on that during the helicopter incident. But it is a matter of ongoing concern to us.

For several years now, the DPRK has been attempting unilaterally to destroy the armistice mechanism set up in the armistice agreement which ended the Korean War. This runs counter to the North-South agreement on reconciliation, nonaggression, and exchanges and cooperation signed in December 1991, which states that it is the responsibility of the two Koreas to transform the armistice regime into a firm state of peace.

It also commits both Koreas to abide by the present armistice agreement until a stable peace can be created. The armistice mechanism consists of the Military Armistice Commission, the MAC; and the Neutral Nations Supervisory Commission, or the NNSC. The function of the latter, the NNSC, is to oversee the cessation of the introduction of reinforcing military personnel and equipment, and to conduct investigations of armistice violations.

That is an institution that is now threatened. The DPRK has failed to nominate a successor to Czechoslovakia as a member of the NNSC. And it has persuaded the Chinese to recall their representatives from the Military Armistice Commission.

Now the DPRK is threatening to evict the Polish NNSC contingent. We have forcefully told Pyongyang that such an action would be a violation of the armistice agreement, which has maintained the peace now for more than 40 years.

If Pyongyang hopes that its attempts to destroy the mechanism set up by the armistice agreement will lead us to enter into bilateral talks on a peace treatment, it is badly mistaken. I made that point while I was in North Korea over the Christmas holidays.

Peace on the Korean Peninsula, as we have always maintained, is a matter for Koreans North and South to settle. The United
States is willing to assist if both Koreas desire it, but we will not negotiate a bilateral peace accord with the DPRK.

Thank you very much.

Mr. BERIEUTER. Thank you very much, Secretary Hubbard.

We will now turn to Dr. Edward L. "Ted" Warner, who is the Assistant Secretary of Defense for Strategy and Requirements. After graduation from the Air Force Academy, Dr. Warner served 20 years in the U.S. Air Force with a very distinguished record and very responsible positions. Before his nomination, he was on the Rand Corp. organization roster as a senior defense analyst specializing in matters relating to the Soviet Union and East-West arms control issues.

Secretary Warner, we are pleased to have you here to testify. You may proceed as you wish.

STATEMENT OF HON. EDWARD L. WARNER III, ASSISTANT SECRETARY OF DEFENSE FOR STRATEGY AND REQUIREMENTS, DEPARTMENT OF DEFENSE

Mr. WARNER. Thank you, Mr. Chairman. I appreciate the opportunity to come before you as well as the other members of your subcommittee and the larger committee to discuss, at your request, various dimensions of the military balance and the security situation on the Korean Peninsula. I will address four issues. The first is the posture of the United States and the Republic of Korea forces under the Combined Forces Command, and our basic approach to deterrence and defense in that critical region.

Next I will discuss steps that were taken by the United States and South Korea through their combined military command during the buildup of the crisis last year, as we made preparations to enhance our defenses to support the difficult diplomatic negotiating tasks we confronted of convincing the North Koreans to halt their nuclear weapons program.

I will then speak for a couple of minutes on the military risks that we see in the years ahead during the process of implementing this agreement. And finally, I will speak briefly on the impact North Korean nuclear capability would have upon our military planning in this critical region. After that, obviously, I would be happy to answer your questions.

On the question of sustaining deterrence and defense on the Korean Peninsula, I have no doubt that the security partnership with the Republic of Korea and the joint military capabilities that we field together to support it, in our view, are the key to peace and stability in Northeast Asia.

The administration is most certainly committed to sustaining our alliance with the Republic of Korea. It is by sustaining that alliance and by enhancing our capabilities that we believe that we have provided incentives to the regime in Pyongyang first to conclude, and then to follow through on the framework agreement.

The framework agreement, as Ambassador Gallucci and Secretary Hubbard have noted, has, in fact, halted at this point the North Korean's nuclear weapons program. And if the agreement is implemented, it promises to fully dismantle the program over the next several years.
The framework agreement has also opened the way to more constructive policies that might be followed by the DPRK. It remains to be seen, however, whether Pyongyang will take this path toward more constructive policies in many other areas, even as and if it follows through on the framework agreement to dismantle its nuclear program.

The fact of the matter is that the North Koreans still pose a very substantial and serious military threat to peace and stability in that part of Asia, a threat particularly directed against our allies to the South.

The bulk of the 1.1 million manned armed force of North Korea is deployed forward within about 100 kilometers of the demilitarized zone separating north and south. This, and a set of preparations that systematically have been implemented by the North Koreans over the last 15 years, provide them with the capability to mount an attack with relatively short warning, that is with preparations that could be counted in hours or only a few days.

The North Koreans have continued the pattern of enhancing their military capabilities through sustained modernization efforts that date back many years. There has been a particular focus on the deployment of new artillery and multiple launch rocket systems with their forward deployed forces.

Arrayed against the threat from the North, we have the combined forces of the Republic of Korea and the United States. For the ROK, that means about 640,000 active military personnel, and over a million personnel in their ready reserve. The United States has over 37,000 troops deployed on the Korean Peninsula, including the two brigades of the Second Infantry Division; four squadrons of land based air power; an array of sea-based capabilities in the immediate region; and other capabilities deployed nearby and in Japan.

The nature of the North Korean threat demands that we sustain our military forces at a very high state of readiness. Both United States forces and those of the Republic of Korea are, in the view of all American observers including General Luck in testimony before the Congress within the last several days, highly ready. Their morale is high, they are well led, and they are well equipped.

This posture provided the incentives that I spoke to earlier that, in my view, helped motivate the North Koreans, No. 1, not to initiate any war in that critical region; and No. 2, to follow the path that they have followed with regard to their nuclear weapons program.

Looking at the key elements of our defense posture, we can talk of the standing state of our forces. Let me speak for just a moment about our military campaign plans, and how we would address the possibility of aggression from the North.

There have been considerable efforts to ensure we get reliable warning of an impending North Korean attack. Having received that warning, should an attack occur, it will be imperative for the United States to commence as rapidly as possible reinforcing the United States forces on the Korean Peninsula and in the region.

We would intend to mount a forward defense, a very vigorous forward defense, against the attacking North Korean land forces, and any other attacks that they might mount. The bulk of this ef-
fort, this initial land force defense, will be borne by the army of South Korea with strong assistance from the American forces on the scene, and particularly from American air power.

We would also have to conduct the defense of critical assets and critical facilities in the rear area within the Republic of Korea, such as key seaports through which reinforcements need to flow, various air bases, and the like. And we have to defend them against a very large special operations force that has been fielded by the North, and the possibility of both air and missile attack.

A particular challenge associated with the forward defense is the need to suppress effectively the massive deployments of North Korean artillery and multiple rocket launch systems near the DMZ.

And finally, we would intend in the initial defense period to mount a wide ranging set of air attacks in the near and deeper North Korean rear to unhinge their offensive operations.

We are confident that we could stop a North Korean offensive within the opening weeks of such a war well short of its objectives. Having halted the North Koreans, in the subsequent phases of the war over the next several weeks we would be engaged in heavy air bombardment against a whole variety of targets, military related targets and also those related to the political and economic infrastructure of the North. During that period of aerial bombardment, we would be flowing our reinforcements into the South to prepare the way for the launching of a decisive counter-offensive, which we are convinced would expel the North Koreans from any captured territory, and then go on to decisively defeat them.

We believe that the current deterrent balance between the two forces that I have described is stable, and that, in light of the campaign plans that I have just run through, we are, in fact, capable of meeting our wartime missions.

General Luck testified in recent days—that in his view, the forces of the Republic of Korea and United States are ready and able to defeat North Korean aggression and to achieve favorable war termination objectives, should deterrence fail.

Having said all of that, let me spend a couple of minutes talking about steps that we took last year to improve our defense posture in Korea, as we were engaged in negotiations. We were faced with provocative actions on the part of the North Koreans. They were in the process of withdrawing from the NPT, went ahead and defueled their five megawatt reactor, and were on the brink of what they declared would be the beginning of a reprocessing of the load of spent fuel that had been taken from that reactor.

Mr. BERERUTER. It is important, but could you give us a fairly brief summary of it?

Mr. WARNER. Yes. Quite briefly, the things that we did were as follows. We deployed a Patriot air and missile defense battalion on to the Peninsula in the opening 6 months of last year. We replaced 36 Cobra attack helicopters with the more modern Apaches. We replaced the older M-113 armored personnel carriers, with 28 modern Bradley infantry fighting vehicles. We incorporated GPS receivers into the maneuver elements of the Second Infantry Division. And we made a series of command and control upgrades both for our ground and our air forces, increasing their ability to inter-
operate effectively, and to build and to disseminate the daily air tasking order.

Last spring, however, despite all of those efforts, the set of North Korean activities that I spoke about earlier did occur in the late spring and the early summer. As we reached midsummer, we were moving toward and taking diplomatic steps to prepare for the imposition of sanctions against the North Koreans.

In that period, we consulted closely with not only General Luck the CINC in Korea, but also the other commanders-in-chief of relevant theater commands. And it literally was during a discussion with the President in the White House about additional military measures that we intended to take should we move to impose economic sanctions that we achieved the breakthrough in which the North Koreans agreed not to proceed with reprocessing and to re-open negotiations.

During those deliberations, Secretary Perry and General Shalikashvili had taken to the President and members of his cabinet a set of options for further augmenting our forces in the region. We were prepared to add over 10,000 military personnel, additional aircraft and other military equipment in order to enhance our military capabilities as we moved toward sanctions.

The North Koreans had stated that any move toward sanctions would, in their view, be tantamount to an act of war. While we were by no means intimidated by this rhetoric, we had to take it sufficiently seriously that we were prepared to even further augment the very substantial military capabilities that we have in the region.

Let me turn for a moment to the question of future risks as we anticipate during the period of implementation of the framework agreement. We cannot, of course, know whether the North Koreans will follow through on this multiyear, phased, step-by-step agreement. And given the fact that their conventional military capabilities are being maintained at the current high state and continue to be modernized, we must continue to sustain our collective military capabilities and to augment them further.

Let me mention just a few things that we have in mind in that regard. During this year, we are going to pre-position a set of equipment for an additional heavy brigade on the Korean Peninsula, the third brigade to fill out for the Second Infantry Division.

We are also moving ahead with an upgrade of the M-1 tanks that are available to the Second Infantry Division, giving them a more heavily armored and an up gunned variant of that tank. We are also moving ahead, over the next couple of years, with swapping out our self-propelled artillery to deploy a more modern version of the 155-mm howitzer.

At the same time, the Republic of Korea is engaged in a sustained force improvement program on which we have been working hand in hand together for the past several years. It includes deploying new tanks, artillery, infantry fighting vehicles, night vision capabilities, the procurement of modern F-16 aircraft, new coastal defense ships, and generally improving their capability to carry out modern, mechanized, armored warfare.

A final point that I would make in that regard is that we have worked very closely with the South Koreans in improving the real-
ism of the training that is available to them and to us to make us even more prepared in case it would be necessary.

Let me now speak a few words on the issue of the impact of the possibility that the North Koreans may possess a nuclear weapon.

Mr. Bereuter. Mr. Secretary.

Mr. Warner. And what this does with regard to our planning for wartime operations in Korea.

Mr. Bereuter. Mr. Secretary, I am worried about our time.

Mr. Warner. This is absolutely the last part, Mr. Chairman.

As has always been the case, we have the full range of U.S. military capabilities available to us to support our deterrence and defense efforts in Korea and elsewhere. With these, we can ensure that no adversary, including North Korea, can ever accrue any advantage from using weapons of mass destruction, including nuclear weapons, against the forces, people, or assets of the United States or its allies.

While we do not know whether the North Koreans actually possess an operational nuclear weapon today, the framework agreement has contained the growth of North Korean nuclear capability.

In conclusion, let me simply say that we have a very strong defense posture on the Korean Peninsula. Our cooperation with the Republic of Korea under the combined forces command remains stronger than ever. We believe that our forces are at a state of extremely high readiness to support the security needs in that area, and our continued operations in Northeast Asia.

[The statement of Assistant Secretary Warner appears in the appendix.]

Mr. Bereuter. Thank you very much, Mr. Secretary. We will operate under the normal 5-minute rule. I will defer my questions at least for the moment. And I will turn first to Chairman Roth for his questions.

Mr. Roth. Well, I thank you, Chairman Bereuter. It is wonderful to see you in that chair.

Mr. Bereuter. Thank you.

Mr. Roth. Ambassador Gallucci, I had high-ranking Koreans, South Koreans, in my office recently. And they told me that they were not sufficiently consulted. I want to ask you this. You said in your testimony that there is no alternative to using South Korean reactors.

Is it fair to say that if North Korea rejects the use of South Korean reactors, then we do not have an agreement?

Ambassador Gallucci. Mr. Roth, I do not know which high-ranking South Koreans you had in your office, but the high South Koreans who are members of the Government of South Korea have not expressed to us an unhappiness with our consultations to date. And as I said, I really do believe that we have stayed very close to our South Korean allies, and that they have been with us every step of the way. And I did want to make that point.

With respect to your question about our position on the South Korean reactor being the reference reactor for the light-water reactors to be built in North Korea under the agreed framework, it is our position and has been since the summer and through the negotiations that the reactor project must be, as we say, technically, politically, and financially viable. We could find no, repeat no, alter-
native to the model of a South Korean reactor being the reference reactor.

We have made that clear to the North Koreans throughout. They understood that when they signed the agreed framework. We have never deviated from that position, and we have no intention of deviating from it.

Mr. ROTH. So the answer is yes, no South Korean reactor, no agreement?

Ambassador GALLUCCI. Mr. Roth, I want to make clear that one of the things that the DPRK gets as a result of this agreed framework is the right light-water reactor project, 2,000 megawatts of light-water reactor generating capacity. If the North Koreans abide by the other provisions——

Mr. ROTH. Mr. Ambassador, I am not asking you how a watch is made. I am just asking you what time it is.

Ambassador GALLUCCI. Yes, I understand that, Mr. Roth. And I am going to ask you to bear with me. And I will try not to go into any more details.

Mr. ROTH. Well, I have got two questions, and I only have 5 minutes though.

Ambassador GALLUCCI. It is very important that I make this point, and I ask please that I be allowed to finish it.

Mr. ROTH. OK.

Ambassador GALLUCCI. If the DPRK does not accept the South Korean reference reactors but maintains the freeze on its nuclear activity, and therefore is in compliance with the agreed framework, that is a situation in which we can continue to operate. In other words, the benefit to them is the light-water reactor project. The failure of the North Koreans to accept that model at this point is not an obstacle to implementation from our perspective.

Mr. ROTH. Well, wait a minute. Let me see this. You referred in your statement to the Nuclear Nonproliferation Treaty, and now you are saying they live according to those agreements.

Well, Iraq, you know, was a Nuclear Nonproliferation Treaty signature. Iran claims to be a member, but we believe that they are developing a nuclear weapon.

In today’s world, are we not being a little naive if we say that as a NPT member that it is restraining nuclear weapons?

Ambassador GALLUCCI. Mr. Roth, we have never in my 20 years in Government been naive about membership in the Nuclear Nonproliferation Treaty. Libya is a party to the Nuclear Nonproliferation Treaty. Iraq is a party. Iran is a party. And we have known that North Korea is a party. We believe that there are nuclear weapons intentions in each of those countries and have been.

The Nuclear Nonproliferation Treaty has many benefits notwithstanding the fact that some members, who maintain their obligations under the treaty, have intentions inconsistent with the purpose of the treaty. And that is that the safeguards that are applied by the IAEA can be a monitoring vehicle to assure that they are not doing anything inconsistent with the treaty.

As it turns out, our experience in Iraq increased the ability of the IAEA to do such monitoring. It is because of those safeguards that were provided for under the treaty that North Korea was discovered to have incorrectly described the amount of plutonium that it
has separated. The safeguards performed a very useful function. It is not naive at all.

Mr. Roth. Well, to put it bluntly, really what difference does it make? You are saying well, it gives us a chance to do some research or some background. But it does not assure us that just because they are members of the Nuclear Nonproliferation Treaty that they are abiding by the accords of the treaty.

Ambassador Galluci. Mr. Roth, certainly the commitment of a country to the Nuclear Nonproliferation Treaty in and of itself does not mean that that country is abiding by the treaty. We look for verification measures, and the IAEA safeguards provide us with one such measure.

Mr. Roth. As I understand it from our questioning here, that if South Korean reactors are not used, no agreement. That is my interpretation from your answer.

Ambassador Galluci. Mr. Roth, I want to say again without building another wristwatch that the benefit to the North Koreans under this agreement, one of the principal benefits, is the provision of two light-water reactors. The only light-water reactors that we, the United States, together with our allies and others would propose to build, are the South Korean reference reactors.

In the meantime, until that issue is resolved, what we are looking at is compliance by North Korea with those provisions which are a benefit to us, principally the freeze on the nuclear activities. And as long as those provisions are in place, then they are abiding by the agreed framework. Our ability to go ahead and provide them with one of the things that they get under the agreement will depend upon their willingness to accept the South Korean reactor. No other reactor is on our mind to be provided to North Korea.

Mr. Roth. Thank you, Mr. Chairman.

Mr. Bereuter. Thank you.

Mr. Ambassador, would it be fair to say that as long as they are living with the nonproliferation issues that are important to us, if they choose not to build and accept the South Korean reactor, that is their loss, but we are not going to replace them with reactors from other sources in part of our agreement?

Ambassador Galluci. Mr. Chairman, that is a much better way of summing up what I was trying to sum up. But that is right.

Mr. Bereuter. I yield 5 minutes to the gentleman from California, the ranking member of the Subcommittee on Asia and the Pacific.

Mr. Berman. In other words, you are not trying to jam a Western-financed and Western-built light-water reactor down their throats?

Ambassador Galluci. That is correct, Mr. Berman.

Mr. Berman. One of the witnesses who is going to appear on the second panel has written in the past. And he has essentially said that the agreed framework is worth pursuing and worth implementing, but it is not likely to succeed, or in the end advance U.S. national interest, unless it is subordinated to a more comprehensive policy toward the Korean Peninsula and Northeast Asia. You touched on some of that in your statement. The issue of conventional forces, the issue of export and missile technology, the issue of the nature of the regime in North Korea.
It points out that the problem is that at the end of the day if there is a failure to reduce the North Korean conventional threat while reducing the barriers to trade and investment, that runs the risk of merely strengthening an enfeebled regime, and increasing the threat to South Korean and United States forces stationed in South Korea.

What is your opinion of that analysis?

Ambassador GALLUCCI. First, Mr. Berman, I think as Secretary Hubbard made clear, we are very aware of the context in which the nuclear issue resides in terms of Northeast Asian security. And we believe that the framework, while it places the nuclear issue center stage, as it ought to, envisions both the rapprochement between North and South as essential to ultimate implementation. And it places on the table by reference to the vehicle for improved North Korean-United States relations the other issues of concern to us, and I began with two of them. The ballistic missile program, and the forward deployment of the conventional forces.

So I believe that we are very aware generally of the context. With respect to the argument that as barriers are lowered and as restrictions or sanctions are eased on trade, that the North Korean regime will be made stronger and therefore more viable, and therefore pose a continuing threat to the South and our allies, I would argue that it is probably the other way about.

Certainly, we could not afford to wait for the North Korean regime to simply crumble. And while we wait, watch a nuclear weapons program to be fully materialized together with a ballistic missile program. We needed to act, and we did.

I would go on to argue that the economic opening, which I would note that the South Koreans are prepared to support as well—and South Korean businessmen are making approaches to the North, and other businessmen are doing the same—we believe will open the North Korean system, and make it a lot less likely that a totalitarian regime will be able to sustain itself, than would be the case if it remained isolated.

Mr. BERMAN. I will not apply any of those answers to the question of U.S. policy toward Cuba.

Ambassador GALLUCCI. And I will not comment, Mr. Berman.

Mr. BERMAN. One last question.

What is going on in North Korea, Mr. Secretary, what is the status of Kim Jong Il, why has he not assumed all of his father’s titles and powers? What good is a monarchy if you cannot assume those powers? What conclusions should we draw about power in North Korea as a result of the downing last December of the United States Army helicopter and the struggle to secure the release of the surviving pilot?

Mr. HUBBARD. Mr. Berman, you notice that Ambassador Gallucci passed the hard question to me.

Mr. BERMAN. Yes.

Mr. HUBBARD. And I am afraid that I am not going to give you a very clear answer. We do not know.

Mr. BERMAN. We will ask him what is happening with Saddam Hussein.

Mr. HUBBARD. We do not really know what is happening in North Korea. It is unusual.
Mr. Berman. Well, somebody is guessing over there, are they not?

Mr. Hubbard. It is strange that Kim Jong Il has not assumed all of the offices that normally would be associated with what we believe is his power in North Korea. But all indications do suggest that he is in charge.

What we have seen, I believe, in our negotiations in Geneva, as well as in the helicopter incident, is a policymaking process that seems to work. And in the final analysis, it seems to bring logical decisions.

What I think we saw in Geneva was fulfillment of the line handed down and the line to which Kim Jong Il agreed with us in the wake of former President Carter’s visit to Pyongyang. There were some ups and downs, and there were some tactical moves, and all of that. But finally, I think that they fulfilled that line.

In the case of the helicopter incident, I think that various parts of the fabric in North Korea, the military, tried to use the incident for various reasons. The North Koreans can be greedy. I think that they tried to use that incident to get some more concessions out of us, unsuccessfully. But in the final analysis, they made the right decision. And finally, they did release Airman Hall.

So based on our experience, we see a policymaking process that seems to be working, and have no reason really to question what all North Koreans say to us. And that is that Kim Jong Il is in power.

Mr. Bereuter. The time of the gentleman has expired. I will deviate from the normal alternating in order to recognize the ranking member of the other subcommittee for 5 minutes.

Mr. Gejdenson. Thank you, Mr. Chairman.

Are we paying enough attention to the possible fissile material that is coming out of the former Soviet Union, are we shutting down an operation here with a focus that kind of watches what they are doing internally, but at least the stories of fissile material out of the former Soviet Union and loss of control of it, could the North Koreans simply be changing where they are getting their fissile material from, and trying to develop it domestically to purchasing it, or do we have adequate safeguards in that area?

Ambassador Gallucci. Mr. Gejdenson, we have been working for some time with the Russian Government to assure ourselves that the disposition of their nuclear weapons as they move to dismantle them is well tracked, that the material that comes out of the nuclear weapons, indeed the fissile material that is contained in their civilian fuel cycle, plutonium and highly rich uranium, is accounted for. And also, I might add that the scientists and engineers who were employed for all of those decades in the program are usefully engaged in nonweapons work to the extent that we can ensure that within Russia.

We have programs, much of this under the Nunn-Lugar legislation, with the Russians. And I think that we are doing everything that we can together with the Russians to assure ourselves that that is all true.

Mr. Gejdenson. You are confident that we are successful?

Ambassador Gallucci. In the end, Mr. Gejdenson, I do not want to make you feel too relaxed on this subject. It is one that we have
to continue to work hard on. The time for any country, whether it be North Korea or a terrorist group, would take to acquire a weapon is very much determined by the availability of the fissile material. And that is something that we have to each verify carefully.

Mr. GEJDESON. In the agreement with the North Koreans, do we have adequate safeguards for the North Koreans bringing in the fissile material from outside its own borders?

Ambassador GALLUCCI. What we have, Mr. Gejdenson, is language that commits the North Koreans to abide by IAEA safeguards with respect to material in their country. And that would mean that to the extent that we knew about any nuclear material, that they would have to subject it to safeguards. Indeed, the material that we now know about that is contained in spent fuel, and we estimate it at 25 to 30 kilograms of plutonium, they have agreed to have it shipped out of their country.

But in the future, safeguards will be one of the most important mechanisms to assure ourselves that the disposition of that material is not for weapons purposes.

Mr. WARNER. If I might say just for a moment, Bob Gallucci mentioned the Nunn-Lugar cooperative threat reduction. We believe that that is an initiative funded in the Department of Defense for the last few years, one that has been under attack as a non-traditional approach to defense. We believe that it is nontraditional, because this is a new situation that we face.

Mr. GEJDESON. It is cheaper than the old approach, to try to target all of those facilities.

Mr. WARNER. And it is a much more direct approach on some of these issues. And while we can by no means guarantee success, we believe that it is a very important dimension of our dealing with nuclear issues worldwide.

Mr. GEJDESON. I agree with that.

What does this agreement if anything do for the India-Pakistan situation, which has some of the same elements? Obviously, it is not as hot thankfully, but still a very tough situation where there are both conventional forces and traditional tensions in the region. And one that has established nuclear power; and another one that most of us assume is a nuclear power at this point.

Ambassador GALLUCCI. Mr. Gejdenson, there are probably more differences than similarities between the North Korean situation and that on the subcontinent. But on the subcontinent, we have two countries that can in a very short amount of time, we believe, deploy nuclear weapons, two countries that have some ballistic missile capability potentially. Two countries that have a history of chronic conflict. And two countries that are contiguous.

So it is not a very good situation at all. It is one that the administration and other administrations have worked to try to ameliorate. It is a difficult problem. Neither country is a party to the Nuclear Nonproliferation Treaty. Neither of them have full scope safeguards on their nuclear activities.

Mr. GEJDESON. Should we make a more serious and focused effort on trying to defuse the situation between Pakistan and India?

Ambassador GALLUCCI. Mr. Gejdenson, I could not say no, and I could not say yes to that. Because the most serious efforts are
being made. The Deputy Secretary involved himself in that, and we are looking for ways to do something about that program definitely.

Mr. GEJDENSON. I do not mean to cut you off, but we do not have a lot of time. Let me ask one additional question. And that is that one of the problems that we are facing now in the Middle East peace process is that it is very difficult to apply pressure to Iran where most people agree that terrorists’ financing and support comes from. And once you take off the economic sanctions anywhere, and the United States sell GE jet engines to Iran, it is very hard for us to turn around and tell the French and others to not do business in Iran.

Is there a danger in this agreement with the North Koreans that when the United States cracks the door a hair, and we are very serious about only cracking it a hair to get this agreement, and all of a sudden the Japanese, and the French, and the rest of the world will be in there, and once they are in there that then it is impossible to gain any kind of economic leverage?

Ambassador GALLUCCI. Mr. Gejdenson, at the risk of building another wristwatch, I would like to take an extra moment and answer that, because in the chairman’s initial questions, there was a question of precedent, and what do people learn from this agreement, and do they learn the wrong thing, does a bad regime gets good things. And I just want to take that head on if I could for a minute.

The situation in North Korea is one in which you have a country that is in violation of its safeguards undertakings, but also has a nuclear program that does not violate any safeguards program, or initiatives, or commitments. The gas-graphite program that produces hundreds of kilograms of plutonium is not illegal under the IAEA and the Nuclear Nonproliferation Treaty. But it is that program that poses a threat in addition to the safeguards anomaly.

And what we are doing, particularly with the light-water reactor component of the deal, particularly with the heavy fuel oil component of the deal, is trading legitimate energy programs for what looks like to us a lot like a nuclear weapons program, but one that cannot be called illegal. Those are extant facilities that we want to remove, and that is the deal.

The case of Iran is entirely different. Iran has, we believe, nuclear weapons intentions and very low to nil capabilities. We would like Iran not to turn into the North Korean case. We are trying to convince everybody not to do nuclear business with Iran, so you do not end up with extant nuclear facilities. So we do not believe that the message is a bad one. We think it is a good one. The good message is the United States of America does not walk away from a nuclear proliferation problem, and does not walk away from material violations of safeguards.

Mr. BERERUT. Thank you for addressing that issue.

We now turn to the gentleman from California, Mr. Kim. You are recognized for 5 minutes.

Mr. KIM. Thank you, Mr. Chairman.

I have three questions perhaps to Mr. Gallucci. The first question is about this heavy oil that we shipped to North Korea, to be exact 50,000 tons, just in January alone. According to the agreed framework, I think you stated on page 11, the oil is actually heavy oil,
so that this cannot be used in military planes and vehicles. That is fine.

But what kind of verification mechanism do we have to make sure that this oil can be used only for electrical generation? That is my first question.

My second question is, as you mentioned on page 4, that you have an excellent relationship with South Korea. I have received a different opinion on that—different information. A South Korean told me that they had always been informed after the fact, and were not even part of this process. It seems like North Korea wants to deal directly with the United States at the expense of South Korea.

Now you stated that we have already partially lifted some economic sanctions, such as those associated with telecommunications, financial transactions, tourism, et cetera, and journalism. That makes the situation even more delicate.

What kind of policy do you have to make any further economic or political concessions to the North and South engagement? I believe that this dialogue should be part of the agreement, part of this agreed framework, to guarantee that there will be future dialogue between North Korea and South Korea.

My final question, Mr. Chairman, is the matter of fact that I spoke to you the other day about. I had the impression that you were confident that North Korea would accept the South Korean proposal for a $4 billion lightwater reactor assistance program. Obviously, North Korea has rejected that. Now, it frightens me that they are turning to Russia and demanding a Russian reactor instead of the South Korean.

As a matter of fact, in light of Russia's recent aggressive action toward Chechnya, it makes me even wonder what will happen in the future. What is our position? Are we going to insist that North Korea accept the South Korean reactor or are we going to submit to their demands and allow them to receive these reactors from Russia?

Suppose North Korea continues to object. Then what are we going to do, impose sanctions; take a strong military position, or are we just going to yield?

Thank you, Mr. Chairman.

Ambassador GALLucci. Thank you, Mr. Kim. First, on the heavy fuel oil, as I indicated in my opening remarks, we had some concerns about the disposition of that heavy fuel oil. There is nothing in the agreed framework that could be called a verification procedure for the disposition of the heavy fuel oil. However, all I can say is we have the capability to verify its disposition. And it is because we have that capability that we developed some concerns. And because we developed some concerns, we have been in communication with the DPRK about those concerns.

All I can say to you in opening testimony, Mr. Kim, is that we are going to insist upon compliance with the agreed framework. We are talking about a small portion of the initial amount of heavy fuel oil. We are talking to North Koreans about this. And we intend to get a situation in place in which the North Koreans will dispose of the heavy fuel oil, as is provided, for the limited purpose of heating our electrical energy generation.
And I must ask, to pursue this further, that we go into a closed session. I cannot because of the sources and methods involved say anymore.

On the question of the dialog with South Korea, I am aware that some South Koreans have been unhappy with the degree of consultation. In responding on this point before, I referred to the South Korean Government, the officials with whom we talked. There are some South Koreans, who do not like the agreed framework. I think that there are some Members of Congress who do not like the agreed framework. That happens.

We believe it is a good agreed framework. I do not know that we will make everybody happy. We do believe that our consultations have been extremely forthcoming, and in my experience unique in their closeness. And I think that is a position that I am going to maintain. And certainly, I think that it is a position that the South Korean Government would endorse.

Mr. KIM. Mr. Gallucci, can you go one step further, and make this dialog part of the agreement?

Ambassador GALLUCCI. I want to speak to that next. The question, Mr. Kim, of whether we should explicitly link a step and let us say a lowering of barriers to trade and transactions of various kinds to a particular step in the North-South dialog, is not a course that I think would be prudent. This is now a personal view.

We have in the past with the South Koreans linked certain steps in the North-South venue to certain steps that we would take with the North Koreans. We did that in the course of negotiations. And we together with the South Koreans agreed to move away from that, and make that connection somewhat softer.

We believe that it is vital that the North Koreans understand that the North-South dialog is essential if this agreed framework is ultimately going to be fully implemented. I think that we are making that clear. I, myself, do not think it is wise to try to pick out a specific step in the North-South resumption of talks, and link it to a particular step in the easing of sanctions. If we move in that direction, we would do so only in close consultation with our South Korean allies.

Mr. BERLEUTER. Ambassador, if you could very briefly answer the last question with respect to the possibility of a Russian reactor.

Ambassador GALLUCCI. The possibility of the Russian reactor has been on the table for about 2 years. The problem with a Russian reactor is the same problem with a German reactor, a French reactor, or an American reactor. It does not meet at least one of the three criteria, namely being financially viable. There is no financial support for a Russian reactor.

I was, as little as 2 weeks ago, in Moscow, and having a discussion along those lines. We have no plans, Mr. Kim, I think to put it as Mr. Berman did, to force any light-water reactor on the North Koreans. On the other hand, if the agreed framework is going to be implemented as envisioned, it is going to be with the South Korean model reactor in North Korea. That is a position that we have maintained throughout as the only viable one.

The issue of how this will be resolved brings me to the point that I made earlier that while it is being resolved, our focus must be on whether the North Koreans are abiding by the commitments.
that they made under the agreed framework to freeze their program. As long as they do, we can continue to negotiate and discuss the issue of the light-water reactor. As I said, there is no alternative that I am aware of to the South Korean model reactor.

Mr. BEREUTER. Thank you.

The gentleman from New York, Mr. Ackerman, is recognized for 5 minutes.

Mr. ACKERMAN. Thank you, Mr. Chairman.

If I could return for just a brief moment to the possible diversion of heavy fuel oil.

Could you explain to us what might be some alternative uses of this product that, as you have explained, cannot be used for military planes or automobiles?

Ambassador GALLUCCI. Mr. Ackerman, I will try to do that. Heavy fuel oil is not an area of expertise for me. But I understand that there are industrial processes, steel making processes, for example, in which heavy fuel oil can be used at some point in the process. And I think that I have just now exhausted my knowledge of the subject.

Mr. ACKERMAN. Under the framework, can you tell us if there have been any failures on the part of the North Koreans to meet their commitments, any of the obligations thus far?

Ambassador GALLUCCI. Mr. Ackerman, I have noted two. One is our concern on the disposition of the heavy fuel oil. And the other is the obligation that the North takes on to resume its dialogue with South Koreans. And they have not done that yet. We have been taking every opportunity, as Secretary Hubbard and I said, to make the point to them that they need to get on with that.

Mr. ACKERMAN. Just to underscore the difficulty in dealing with the North Koreans, is my understanding correct that in part the reason that they are not proceeding with the North-South dialogue is because the South did not express its condolences upon the death of Kim II Sung, and then has not apologized for not expressing those condolences, and that this is a matter of great national pride and part of the hang-up in North Korea?

Ambassador GALLUCCI. Mr. Ackerman, they have made those points as among the points of contention between North and South.

Mr. ACKERMAN. Some have been critical of the fact that within this package there are some economic advantages that some have characterized as give-aways by the United States, offerings that we have made. And among them, I have read the list, are tourism and the use of credit cards.

Could you tell me how many credit card machines there are in North Korea?

Ambassador GALLUCCI. No, Mr. Ackerman, I cannot, but I expect a number.

Mr. ACKERMAN. I am a professional shopper. There are only a few of us I guess who have been to North Korea. You were there. I was there. Maybe Mr. Hubbard. And I think Steve Solarz was there. And of course, Bill Richardson was there.

Mr. ROTH. Would the gentleman yield for just 30 seconds?

Mr. ACKERMAN. I would be delighted.

Mr. ROTH. I would say that if the panelists do not know the answer, check with the Contract for America. I think it is in there.
Mr. ACKERMAN. How many credit cards, and the number of credit card machines; is this the document of Nostradamous?

Mr. HUBBARD. Mr. Ackerman, I might just comment that you know as well as I how difficult it is to pay for things in North Korea. On my trip, we carried in with us a large bag of cash to pay for the meals and the guest house fees. And I am sure you had to do the same thing. It would be a lot more convenient to be able to use plastic there, like we can anywhere else in the world. But I did not see any credit card machines, nor did I see any American Express signs on shop windows.

Mr. ACKERMAN. Did you come across any tourists, any American tourists, or would you know how many American tourists might be in all of North Korea?

Mr. HUBBARD. I would have to say no to both of those questions. But also, my experience abroad suggests to me that Americans are prepared to go almost anywhere out of natural curiosity.

Mr. ACKERMAN. Is this a great benefit to the North Koreans and any kind of sacrifice to us to allow the use of credit cards by these nonexistent American tourists?

Mr. HUBBARD. We do not necessarily see this as a tit for tat, or a zero sum game. We think that, as Ambassador Gallucci has said here, we did agree in the agreed framework that we would begin lifting some of the sanctions. We found a few sanctions that we would lift at the initial stage. And let me get back a second to Mr. Kim's point.

We do believe that over time developments in the North-South relations must move in rough parallel with developments in United States-Democratic People's Republic of Korea relations, even if we do not particularly wish to set up precise linkages.

Mr. ACKERMAN. I bring these issues up, not just to be whimsical, which I do not deny, but to make the point that I am hard pressed to see where some of the criticism is going as far as what we have actually given away, and what capital politically or otherwise we have spent in this agreement.

I think that it was rather masterful on the part of the administration. And I further commend you for—as my good friend Jay Kim has done—trying to keep to the fire the feet of the North Koreans in pursuing a North-South dialog. The relationship with the South Koreans is one that we cherish. And we look forward to them actually beginning a meaningful dialog with the North, and improving the conditions on the Korean Peninsula.

I yield back the balance of my time.

Mr. BEREUTER. Thank you, Mr. Ackerman.

The gentleman from Illinois, Mr. Manzullo.

Mr. MANZULLO. Thank you very much.

Ambassador Gallucci, could you tell me who Kang Sok Ju is?

Ambassador GALLucci. Who he is?

Mr. MANZULLO. Who is he?

Ambassador GALLucci. He is the vice foreign minister of the Democratic People's Republic of Korea.

Mr. MANZULLO. What is his relationship to the President, Kim Jong Il?

Ambassador GALLucci. I am going to approximate an answer to that, and then ask Mr. Hubbard if he wants to help me out.
Mr. MANZULLO. Well, I only have got 5 minutes.

Ambassador GALLUCCI. It is a brief answer. I believe he is reasonably close to Kim Jong Il. And I do not know more than that.

Mr. HUBBARD. Just quickly, he is the first vice minister of foreign affairs. He was the designated representative of the Government of the Democratic People's Republic of Korea in negotiations with Ambassador Gallucci. I am told that he has a seat on the party's central committee, as well as he is a member of the Politburo.

Mr. MANZULLO. Do you know if he was acting with the permission or within the scope of authority granted to him, if at all, by the President of North Korea?

Mr. HUBBARD. He entered into the agreement. He signed the agreement. He did that representing the Government of North Korea.

Mr. MANZULLO. That does not answer my question.

Mr. HUBBARD. It seems to me it does. He was the representative of the Government of North Korea in the negotiations with us. He was first appointed while Kim Il Sung was still alive, and he remained in that position after his death.

Mr. MANZULLO. At any time during these negotiations, did you see Kim Jong Il?

Ambassador GALLUCCI. Other than tapes on television; no, sir.

Mr. MANZULLO. He never showed up at any of the conferences, or any of the talks?

Ambassador GALLUCCI. In Geneva; no, he did not.

Mr. MANZULLO. I have got the unclassified portion of the agreed framework before. And I note that there is a letter from President Clinton dated October 20, 1994 to Kim Jong Il.

Did Kim Jong Il ever respond to this letter of the President?

Mr. GALLUCCI. We did not seek a response; and to my knowledge, there was no response.

Mr. MANZULLO. This is a letter from the President of the United States to the President of Korea. His authority is questioned. Nobody knows who is in charge.

And you did not seek a written response from him, at least some type of a verification that these talks were carried out with his approval or under his control?

Ambassador GALLUCCI. Mr. Manzullo, we did not have a doubt with whom we were dealing with. We were dealing with representatives of the government.

Mr. MANZULLO. But I have a doubt with whom you were dealing, and do the people of this country.

Ambassador GALLUCCI. Well, we did not, sir. And when we negotiated with them, we were sure that they were representing their government. And in fact, we prepared a letter which did not require a response, other than the actions of the North Koreans.

Mr. MANZULLO. This is a letter from the President of the United States ostensibly for the purpose of saying that an agreement has been brought about to dismantle the nuclear facilities.

And you are telling me that this letter does not deserve a response in writing from Kim Jong Il, is that what you are telling this Congress?

Ambassador GALLUCCI. I am telling you exactly, Mr. Manzullo, that we did not seek a response to this letter.
Mr. MANZULLO. I think that it is very poor diplomacy, Mr. Gallucci. I think that whenever the President of the United States sends a letter to the North Korean President that the minimum we should have is a letter signed by him, perhaps verifying his signature, that he is in fact in control.

That is an issue of this Congress, and an issue of the American people. Because we do not believe that anybody testifying before this panel or any panel in this country knows that Kim Jong Il is in control, because you do not have that knowledge. All you have is assurances. And assurances are not acceptable to the Congress of the United States. The last we could have is a letter from Kim Jong Il in response to that of the President.

Ambassador GALLUCCI. Mr. Manzullo, I believe I understand your point. But if I could ask a question for a clarification on my own part.

Had we received a letter signed by Kim Jong Il, would that have made you or the Congress feel any more relaxed about who is in charge or any more confident about compliance, should we not have focused, as we have, on what they did?

Mr. MANZULLO. Perhaps not, but at least it is better than what we have now, which is nothing. I mean I have a four-page document here. I have not examined the classified section. It is not my desire to do so. This is a four-page document. It is signed by Kang Sok Ju. I do not speak Korean. I do not understand the language, and I do not know how to pronounce these names. But I do understand the name of Bill Clinton. And this is a letter simply ratifying that this four-page document is with the approval of the United States.

I would certainly expect the State Department or the President at the minimum to say—you know, this is a major document. This is a major document. Let me give you a follow-up question on it. I think that my time is running out there.

Mr. ACKERMAN. Would the gentleman yield?

Mr. MANZULLO. No, not at this point. My time is running out.

The President says in addition:

In the event that this reactor project is not completed for reasons beyond the control of the DPRK, I will use full powers of my office to provide to the extent necessary such a project from the United States subject to approval of the United States. Similarly, in the event that the interim energy alternatives are not provided for reasons beyond the control of the DPRK, I will use the full powers of my office to provide to the extent necessary such interim energy alternatives from the United States.

Does this mean that if North Korea simply cannot afford to pay for these that the United States is going to furnish them at our expense?

Ambassador GALLUCCI. Excuse me, Mr. Manzullo. You left out two words, "subject to the approval of the U.S. Congress" in both cases.

Mr. MANZULLO. I understand that.

Ambassador GALLUCCI. Well, what the President is saying here is that we intend, the United States, as far as he is concerned, intends to make good on this agreed framework, our part of it, as long as they are making good on their part of it. And he will do his best to see that that happens. Of course, subject to the approval of the U.S. Congress.
Mr. BEREUTER. The time of the gentleman has expired.
Mr. Burton.
Mr. BURTON. Well, because of the length of your answers, I am
going to make a statement, and give you some questions, and then
I am going to let you talk.
First of all, I want you to know that Communists are not always
trustworthy. I do not know if you know that or not, but they are
not always trustworthy. They have lied to us numerous times in
the past. And I think that Mr. Manzullo makes a very, very good
point in that unless the chief of state signs on to an agreement,
they could very easily say hey, that was one of my subordinates
who did it without my approval. And nobody has seen this Presi-
dent for a long time. They do not even know if he is in good health.
So I think for you to take at face value an agreement without the
chief of state signing on to it is naive.
Now let me also say that you said in there that this is subject
to the approval of Congress. And I want to tell you that that is very
pleasing to my ears. Because the Mexico agreement was not subject
to the approval of Congress, because he could not get the votes, and
he went ahead and did it anyhow.
The Haitian invasion was not subject to the approval of Con-
gress, and the American people did not want that, but he did it
anyhow.
And yesterday, the strike breaker decision that the executive
branch made was not approved by Congress, nor would it have
been, but he did it anyhow.
So it is kind of nice to hear that the President once in awhile is
going to seek the approval of the Congress of the United States.
Now let me read a real brief statement here, and I will let you
answer some questions that I have. No. 1, I am especially con-
cerned about the length of time that the International Atomic En-
ergy Agency must wait before being allowed to inspect the two nu-
clear waste sites that the IAEA has sought unsuccessfully to in-
spect since North Korea suspended inspections in February 1993.
Administration officials have candidly stated that North Korea
will not have to fulfill this obligation for 5 years. Under the agree-
ment, IAEA “ad hoc and routine” inspections of North Korea’s fa-
cilities, which were designated in the 1992 North Korea IAEA safeg-
uards agreement, “will resume” upon conclusion of the supply con-
tract for the two new lightwater reactors.
The agreement also states that before delivery of key nuclear
components for the reactors, North Korea will come into full com-
pliance with the safeguards agreement with the IAEA including
taking steps that may be deemed necessary by the IAEA.
Now here is the first question. I hope you will write these down.
No. 1, will North Korea allow inspections required under the agree-
ment 5 years from now? That is No. 1.
Will North Korea be able to significantly improve its ability to
deliver its existing nuclear weapons in the 5 years prior to the re-
quired inspections? These two questions I think are important.
Now onward. In debate about the framework agreement, the ad-
ministration has emphasized that should North Korea deny inspec-
tions of its two nuclear waste sites, which provide the key to know-
ing how many nuclear weapons North Korea really has, that the
United States can simply withhold delivery of key nuclear components for the two new reactors. Yet little discussion had been held on what the key nuclear components really are.

So here is the third question. Could these nuclear components be obtained elsewhere if we withhold their delivery to North Korea? Fourth, could we have a scenario where the United States, South Korea, and Japan complete 90 percent of the work on these two reactors, and then North Korea decides to deny inspections?

Next, could then North Korea find other sources from some other place for the final phase of the completion of these reactors, could they find those components elsewhere?

Then I have two other real quick questions for you.

No. 1, how much is this going to cost? We still do not know. We would like to know how much it is going to cost. You know, Japan is going to pay part of it, and South Korea is going to contribute part of it. And how much will the United States ultimately pay?

I hope that you can get all of that in within my 5 minute time period. Thank you.

Ambassador GALLUCCI. Thank you, Mr. Chairman, and Mr. Burton.

First, with respect to the North Koreans being Communists, and our experience that sometimes Communists are not trustworthy, and the suggestion that we were in this administration naive in the course of these negotiations, I do not believe that we were naive. I think that all of us involved in them were very aware of North Korea's history, its responsibility for the Korean war, the incredible casualties, the hostilities since them, the incident on the DMZ; and terrorism against South Korea, its President, and its people.

I think that all of that was very much on our mind, as well as the possibilities of having to deal with this nuclear weapons problem by other means. I really do think that we took account of that and therefore fashioned a framework which does not depend upon signatures, and does not depend upon language, so much as it depends upon action.

We were acutely aware of the fact that we were negotiating an arrangement—

Mr. BURTON. Rather than making a speech on that, would you please answer the questions that I gave to you, sir?

Ambassador GALLUCCI. Mr. Burton, I will do my best, and that is what I have been doing.

Mr. BURTON. The chairman has said that he wants you to limit your response, because of the time problem. And you are going to have to give them to us in writing. I would like for this to be in a public forum. So if you could get to the questions, I would really appreciate it. Cut to the chase, will you?

Ambassador GALLUCCI. Mr. Burton—

Mr. ACKERMAN. Mr. Chairman, I do not know that it is fair to badger the witness with a series of 15 questions, and then ask him to cut to the chase. Perhaps I would like to ask if the Chair would allow Mr. Gallucci the full extent of the time to answer Mr. Burton's very important questions.

Mr. BURTON. It is my time, and I will reclaim my time, and just say that I have served here for 12 years under the Democrats. And
I watched them badger Bush and Reagan administration officials. So do not give me a hard time about it.

Mr. ACKERMAN. We are not giving you a hard time. We are just trying to get a full answer from the witness.

Mr. BEREUTER. Ambassador Gallucci, answer as quickly as possible.

Ambassador GALLucci. Thank you, Mr. Chairman.

Mr. Burton, your questions go to how much time is permitted under the agreed framework for the IAEA before it does its inspections. And we have estimated that it could be as much as 4 or 5 years before the light-water reactor project gets to the point where significant nuclear equipment would be delivered. And since the agreed framework provides that that equipment cannot be delivered, it is at that point which the inspections must take place.

It is our view, as I indicated, that there is no material disadvantage or no significant material disadvantage to waiting. It is a political disadvantage. And I agree with you certainly that as soon as those inspections can take place, the better it would be for the IAEA in the inspection regime. And I certainly concede that point.

I do not believe that there is a material disadvantage in terms of security. You do make a point, and perhaps Secretary Warner would like to comment on it. That if North Korea does have 4, 5, 6, 7, 8 kilograms of plutonium and has had it since 1989, that they will have an additional number of years to fabricate one or possibly two nuclear weapons. And that is a function of the agreed framework. And I do not see a way of avoiding that observation.

But I would ask only that you put it in the context of our concern about the certainty we have over the 25 or 30 kilograms of plutonium in the pond, which we are under the agreed framework assuring ourselves that is not going to be separated and fabricated into weapons.

Mr. WARNER. If I can just briefly answer the delivery system issue. Probably the main issue people would be concerned about is in the area of ballistic missiles. The North Koreans have various ballistic missile development programs: The No Dong I and No Dong II. I could give you more detailed descriptions of those programs in a classified hearing.

In the area of aircraft delivery systems, they have a very primitive air force. They bought about 10 or 12 more modern aircraft from Russia a few years ago. And were they to proceed further down that path, they perhaps could augment their air attack capabilities. I do not believe they are likely to produce new strike aircraft indigenously. They would more likely purchase them from abroad during this 4- to 5-year period.

Mr. BEREUTER. Mr. Burton, with your cooperation, I would appreciate it if we could just give the Ambassador a chance to answer one more question. I would like to turn to Mr. Royce, who has been in and out here all morning, before we have to go vote.

Would you take one more minute, and address at least one more of the gentleman's questions.

Ambassador GALLucci. Very quickly, if I could. Mr. Burton, the other questions got to the question of whether those reactors or even the first reactor could be finished if the North Koreans did not agree to accept the special inspections, would somebody else for ex-
ample provide the nuclear equipment. And by the way, it is very specific about the the nuclear equipment that cannot be delivered. Anything listed on the nuclear supply guidelines cannot be delivered. And that means that the reactor cannot be finished, if that equipment is not provided.

And the point is really that there is nobody that produces the equipment, the sensitive elements of the nuclear steam supply system for a reactor, who would be willing to provide it under those circumstances. They are all members of the nuclear supply guidelines. There would be no way for the North Koreans to finish that reactor.

Mr. BURTON. Mr. Chairman, can we get the rest of the questions answered in writing?

Mr. BERREUTER. Yes. Certainly, we would like the rest of the questions answered. And I have one myself, which I would like to have answered orally, but it is impossible.

[Submitted questions and answers appear in the appendix.]

Mr. BERREUTER. I yield 5 minutes to the gentleman from California, Mr. Royce, the vice chairman.

Mr. ROYCE. Thank you, Mr. Chairman.

Let me explain the reason for some of our concern. North Korea is on the terrorist list. We have never in the past given oil, or economic assistance, or power stations to terrorist countries. And so from our standpoint, when we are talking about giving this assistance, or going throughout Asia drumming up trade with, and throwing a lifeline to North Korea, there is some concern about how that can even be done, given the fact that this country is on the terrorist list.

I would say that it is curious. Why do we say in the case of Korea that the light-water reactors present a minimal proliferation threat when we strongly oppose the provision of similar reactions to Iran by Russia? That again strikes us as something to be concerned about.

What guarantees do we have, what can you promise us, in regard to the North Koreans stopping as a part of this agreement their development, delivery, and commerce in nuclear weapons, long range missiles, and otherwise sharing their technology, or what we are about to give them for that matter, with other countries, especially when some of their friends in these countries do not happen to be our friends? So those are my questions.

Ambassador GALLUCCI. Thank you, Mr. Royce.

First, with respect to the comparison between North Korea and Iran, and why would we propose to provide what we are calling more proliferation resistant nuclear technology to North Korea, but oppose—

Mr. ROYCE. I understand the why. I am just saying that it is curious when talking about the minimal proliferation threat. You see, that is the point I am making. I understand the reason why. I am just saying in one case we say there is no real threat. And in the other case, we acknowledge that there seems to be a threat by allowing Russia to go through with this deal.

Ambassador GALLUCCI. If I could, Mr. Royce, I think that the issue is that the comparisons are of two quite different circumstances. Iran has no nuclear capability, but we believe has the
intention to acquire nuclear weapons if it could. We are not interested in Iran getting any nuclear capability.

In the case of North Korea, we are looking at a state that has substantial nuclear capability, and has already separated some quantities of plutonium. And we are talking about replacing a very dangerous gas-graphite system much safer from a proliferation perspective technology. It is an entirely different circumstance.

And I would add something else that is quite relevant here. It is our intention, and we have some indication that it will succeed in achieving the objective, of getting the North Koreans to accept a provision whereby the spent fuel that emerges from those light-water reactors will also be shipped out of the country, just as the spent fuel that is now in the pond is shipped out of the country.

That, of course, requires negotiation of that provision, and arrangements for where exactly that fuel would be shipped. But what I principally want to say with respect to the comparison is that they are not comparable situations.

Mr. ROYCE. And the second part of the question about North Korea agreeing as part of the agreement to stop all delivery of let us say long range missiles, can you speak to that issue?

Mr. GALLUCCI. If you look through the agreed framework, you will not find the words ballistic missiles, or conventional force deployments, or other concerns of ours. And this is principally essentially a framework that was going after the nuclear weapons problem.

We do believe that because of the agreed framework that we are going to have access to those issues of security concern to us for the first time. That the political provision in the agreed framework for improvement of relations over time between the United States and North Korea is explicitly linked in the language of the agreed framework to the resolution of other issues of concern to us.

And we have been very clear with the North Koreans that on the list of other issues of concern at the very top is the ballistic missile program and exports. And right along side that is our concern about the forward deployment of their conventional forces. And we can then go on to other issues that Secretary Hubbard raised in connection with our concerns.

So I cannot tell you that the agreed framework solves those problems. It does not. However, it offers an opportunity for us to address them with the North Koreans, which we did not have before. Thank you.

Mr. ROYCE. Thank you, Mr. Chairman.

Mr. BEREUTER. I want to thank the panel.

Mr. ACKERMAN. Mr. Chairman, will we have a second round with this panel?

Mr. BEREUTER. No.

Mr. ACKERMAN. May I have 1 minute?

Mr. BEREUTER. We are going to be late, I am afraid. Can you make it 30 seconds?

Mr. ACKERMAN. Yes. Just in furtherance of the answer to the question of who is Kang Sok Ju. I was in 1993 in Pyongyang with Kim Il Sung and Kang Sok Ju, and discussed at least after many preliminary meetings with Kang Sok Ju and others the basic pa-
rameters of many of the things that appear to have been skillfully negotiated in this framework.

There were three officials of North Korea there, one of them being Kim Il Sung. And the second one sat at his right hand, and that was Kang Sok Ju. And they discussed almost every issue that we have been discussing here and the questions that have been raised. And it is my belief that he spoke with the full authority of the President of North Korea.

Mr. BEREUTER. I thank the gentlemen.

And I thank the witnesses for their testimony, and the responses today. When we return, we will convene the second panel. It will be chaired by Congressman Roth, since I have a colloquy on the floor.

And Ambassador Gallucci, the question that I would like you to respond to for the chairman is the following, but you can do it in writing because of the time.

Mr. ROYCE. Mr. Chairman, I will also submit some questions in writing, with your approval.

Mr. BEREUTER. All right. Those questions will be submitted to you.

[Submitted questions and answers appear in the appendix.]

Mr. BEREUTER. You said in your statement that stopping North Korea's production of more fissile material was our immediate negotiating objective.

Why are not North Korea's existing stocks of plutonium more important; by taking the path that we took, did we not let pass the most opportune moment for pressing North Korea to accept IAEA special inspections when we had the mechanisms in place to apply economic sanctions and other pressures?

I regret that our vote requires us to leave. But I would appreciate a response to that.

[Submitted questions and answers appear in the appendix.]

Mr. BEREUTER. The subcommittee will be in recess for approximately 12 minutes, and then we will convene the second panel.

[Recess.]

Mr. ROTH. The subcommittee will come to order. Our next panel will begin with Dr. Edwin J. Feulner, president of the Heritage Foundation.

STATEMENT OF EDWIN J. FEULNER, JR., PRESIDENT, THE HERITAGE FOUNDATION

Dr. FEULNER. Thank you, Mr. Chairman.

I applaud your decision to hold this hearing on the October 21 agreed framework with North Korea. It is my belief that this committee, now under new management, has the opportunity to provide leadership, as the Congress, the administration, and our allies seek a path to peace on the Korean Peninsula. This is a vital American national security goal, since our economic interests in the regional are high, and since Korea is the only place where large numbers of U.S. troops are in harm's way.

Since its inception 22 years ago, the Heritage Foundation has actively advocated American policies to promote peace and freedom on the Korean Peninsula. For more than 20 years, I have traveled regularly to the Republic of Korea.
Just last month, I visited Korea on what I believe was my 43d visit. During that trip, I had the honor to meet again with President Kim Young Sam and Prime Minister Lee Hong Koo. Given the many questions raised both in Seoul and Washington about the agreed framework, I assured President Kim that the new Congress would extensively review the new nuclear accord with North Korea.

Judging by some media reports and administration statements, one might conclude that the North Korean crisis is over. Just last February 14, a week ago, as he took time to criticize the National Security Revitalization Act of the Contract for America, Defense Secretary William Perry said that the agreed framework had, and I quote, "stopped the North Korean nuclear program in its tracks."

I would suggest that the Secretary was premature in his assessment. Even the most optimistic estimates hold that we will have to wait at least a decade for the agreed framework to result in the dismantling of the visible portion of North Korea's nuclear weapons facilities.

Recent weeks have supplied ample evidence that much can happen between now and then. If fully implemented, the October agreement can serve as a basis for real progress in ending North Korea's nuclear threat. But to put it mildly, it may become necessary to adjust what appears to be inflated expectations about this agreement.

Real peace on the Korean Peninsula will depend on much more than a bilateral framework between Washington and Pyongyang. We must remain mindful that our wider interests in Korea and Asia are deeply affected by this agreement. We have 37,000 troops stationed in South Korea. South Korea is now one of Asia's vibrant democracies, and an increasingly important global partner for the United States.

A South Korean, Dr. Kim Chulsu, is now a leading candidate to head the new World Trade Organization, a bid incidentally that I believe deserves American support.

As the experience of the Bush administration demonstrated, however, North Korean promises have all too often proven empty. For example, in talks that administration help promote between North and South Korea, which resulted in two landmark agreements on denuclearization and reconciliation in December 1991, they have not been implemented because of North Korean intransigence.

As we now know, the special inspections that the IAEA has requested for more than 2 years will not take place until elements of the light-water reactors are in place, a process that will take at least 5 more years.

Was there an alternative to abandoning the principle of full transparency? I believe there was, Mr. Chairman. Last June, the Heritage Foundation called for a more modest although fair packaged deal that would have linked reasonable political and economic rewards to Pyongyang's full compliance with the IAEA demands, and with the 1991 North-South denuclearization agreement.

The administration instead decided to grant the North rewards, including relaxed trade rules, exchange of liaison offices, a half billion dollars' worth of fuel oil, and a multibillion dollar nuclear power plant project well before transparency is established.
There are three other aspects of the agreed framework that I call particularly to the committee’s attention. First, and this has already been touched on, I wonder about the legal and political standing of an agreed framework. It is not a treaty. It is not an executive agreement. What exactly is it?

Second, and several of your colleagues, Mr. Chairman, raised this question earlier, there is the issue of the October 20 letter that President Clinton sent to North Korea’s I guess we will call him leader, because one of the reasons that we did not get a reply from the President of North Korea is that there is no designated President, and there is no secretary-general of the North Korean Communist Workers Party.

In fact, as I understand it, the reason why he was addressed as Supreme Leader by our President was because that is the way the North Koreans asked to have him addressed, even though that is nowhere an official title. As far as I know, Mr. Chairman, the only official title he has is Grand Marshal of the military.

But in that letter, President Clinton says that in the event that this reactor project is not completed, or alternative fuel is not provided, for reasons beyond the control of the DPRK, he will, and I quote, “Use the full powers” of his office to provide the reactors and fuel “subject to the approval of the U.S. Congress.”

It has already been asked of Ambassador Gallucci whether the North Koreans ever responded to the President or anyone else. The answer was in the negative. They said that they wrote it in such a way that they did not expect a response.

I do not know. But if I were to write a letter to somebody in charge somewhere else, I presume one of the reasons for writing the letter would be to get a response. I am not sure why one would write a letter, if you did not expect one.

But beyond that, Mr. Chairman, I would ask that as we talk about using his full powers to provide the reactors and the fuel subject to the approval of the Congress, what exactly is the potential liability long term to the American taxpayers.

A third issue is the issue of North Korea’s present ability to build nuclear weapons. The agreed framework does not provide for obtaining North Korea’s previously produced weapons grade plutonium. Both the IAEA and our own CIA have repeatedly said that it could provide the basis for one or two nuclear weapons. Other estimates that I have heard indicate that it could be as much as five or six. So despite the agreement, the North could still be building those nuclear bombs.

It is my assessment that Seoul, despite its public support for the agreed framework, remains troubled especially by the last point I mentioned.

Mr. Chairman, the October deal was not the best deal that the United States could have achieved. It is my hope that its defects will be fully investigated by this committee and other committees in both Houses of the Congress.

In specific response to a question raised by Mr. Berman this morning, I do not want to suggest that the agreement be abandoned. Frankly, we only have one President and one Secretary of State at a time. Instead, I believe that the Congress can take a
leadership role in strengthening the implementation of this agreement.

A lasting peace for Korea cannot be achieved solely through agreements between Washington and Pyongyang. The key to lasting peace is North-South dialog. The Congress can promote this by focusing on the principal requirement for real progress on the Korean Peninsula, which is North Korea entering into a genuine and productive dialogue with South Korea. I was pleased that Secretary Hubbard emphasized this point earlier today in his testimony.

Section 3 of the October agreement obligates North Korea to resume this dialogue. We can surely expect that Pyongyang will make every effort to avoid this requirement as long as it can. Congress can and should speak strongly to this part of the agreement. And in that process, help the administration restore a balance to its goals. To do this, Congress should pass a joint resolution expressing its view that future funding and political support for the agreed framework will be heavily dependent upon steady progress in improved South-North relations.

Easing the nuclear crisis is not enough. American interests are best served by more sweeping tension reduction steps. This is a principle embraced in a resolution that has been introduced in both the House and the Senate as House Concurrent Resolution 19 and Senate Concurrent Resolution 4. I urge this committee to consider this important initiative. Because it is important to note that this carefully crafted bill works within the requirements of the agreed framework, but does not amend it.

Passage of this joint resolution would advance the cause of peace I believe in three ways. First, put North Korea on notice that it must take real and substantial steps to reduce tensions with South Korea. Second, passage will send a much needed message of support to our ally of South Korea. Third, the joint resolution will encourage the administration to move beyond the narrow pursuit of nonproliferation goals to a broader agenda that advances a resumption of a productive South-North dialog and long overdue tension reduction.

Finally, Ambassador Gallucci and Mr. Hubbard defended the agreement, and at least by implication attacked these resolutions with the argument that only the administration can negotiate and conclude these agreements. In fact, it seemed to me this morning that Ambassador Gallucci backed down.

Because in the past, there has in fact, he has said repeatedly, been an oral agreement between the United States and North Korea, that if North Korea does not accept South Korean nuclear reactors, that it is a deal breaker. Yet in his testimony today, it appeared that this is no longer a condition.

I think that this is not just a case of jamming a Western-financed nuclear facility down their throats. Rather I think that it is a question of are they again changing the agreement, No 1. No 2, does this extend the United States obligation to provide half of North Korea’s heavy oil for the indefinite future. And that is almost what we are doing now, 500,000 tons out of a 1.2 million a year.

In other words, is this a new open ended authorization for the future. And finally, if there is no nuclear facility in place, when will
the inspections in fact take place, because the inspections are predicated upon the completion of those facilities.

In closing, in agreement with you, Mr. Chairman, I would share with the committee what a former senior government official of the Republic of Korea wrote me in a private letter dated February 20, following a quick visit to Washington and New York, and I quote:

To be frank with you, I was quite disturbed to find that there seems to be an unmistakable trend among the people in and out of the administration to delink implementation of the United States-North Korea accord from the progress of North-South dialogue. As you would agree, there is a great danger in this approach, and it will be the most thorny point between United States and Korean relations for some time. Certainly, the resolution in the Congress urging linkage between the two tracks will be of great significance in correcting the administration’s course toward a more desirable direction.

Thank you, Mr. Chairman.

[The prepared statement of Dr. Feulner appears in the appendix.]

Mr. ROTH. Thank you, Dr. Feulner. As you well know, this Congress listens attentively to the Heritage Foundation, and to you. We take your testimony and advice very seriously.

Dr. FEULNER. Thank you.

Mr. ROTH. I would like to have Mr. Manning give us his testimony, before we go on to questions.

STATEMENT OF ROBERT A. MANNING, SENIOR FELLOW, PROGRESSIVE POLICY INSTITUTE

Mr. MANNING. Thank you, Mr. Chairman.

I am very grateful for this opportunity to present my views on an issue that in my view affects vital American national interests in what may be the most dangerous flash point in the world.

I have a full statement that I would ask be included in the record, and I would just like to briefly highlight a few main points here.

Mr. ROTH. Please proceed.

Mr. MANNING. Four months after the signing of the so-called agreed framework, I believe that it is premature to judge the accord either a success or a failure. Many denouement is at least 5 years away. But its virtues as well as its sins of omission and commission have now become clear, or certainly more clear.

It has defused but not resolved the nuclear problem. The verified freeze of North Korea’s nuclear weapons program, particularly Pyongyang’s cooperation on the fate of its fuel rods, has exceeded expectations. This is an important accomplishment. Yet Pyongyang’s reluctance to deal constructively with Seoul evokes familiar images of North Korean truculence and imperils the entire accord.

The North and the South appear locked into a stalemate and dangerous zero sum game that precludes real reconciliation. The largest question, however, involves less the details of the accord than I think legitimate congressional concern about the credibility of both parties to it, and what is not in the accord. And that is a U.S. strategy to address the larger problem of reducing the military conflict on the Korean Peninsula and catalyzing North-South rapprochement.
In addition, events in the interim period reveal a disconcerting improvisational seat of the pants quality to U.S. policy, and make it possible now to discern some of the potential flaws and problems in its implementation flowing from the agreement’s ambiguities.

Four key questions immediately come to mind. One, is it a breach of United States-Democratic People's Republic of Korea understandings, if as already suspected, Pyongyang diverts heavy oil for uses other than heating or electricity production, despite the fact that this is not specifically prohibited in the Agreed Framework?

Second, why is North Korea objecting to South Korean supplying the LWR's when it had orally agreed to accept this reality in the course of negotiations prior to October 21, 1994?

And why after some 18 months of regular consultations with South Korea and Japan is there such a complete absence of any detailed blueprint or even schemata for the nascent Korean Energy Development Organization and plans for building these reactors from apportionment of financial responsibilities to ideas about the power grid required?

And last, why is there no apparent strategy on the part of either the United States or South Korea to place the nuclear accord into a larger framework to address the really fundamental problems of the military standoff, the North-South political stalemate, and other core concerns such as missile exports and chemical weapons?

And has the United States squandered value leverage in these areas by defining the problem down to one of nuclear proliferation?

The nuclear accord is an important step forward, but it is only the beginning and not the culmination of a Korean strategy. Thus, any assessment of this accord must place it in this larger context. The challenge ahead is not just implementation of this accord, but building on it to reduce tensions and facilitate the North-South reconciliation process. Because if the accord is ever wildly successful, we could still be left with a North Korea with a 1 million man army, two-thirds deployed within 100 kilometers of the DMZ with 10,000 artillery tubes, rocket launchers, Scud missiles, and chemical weapons. This is not my definition of success.

Although unstated, the accord represents an implicit strategic choice by the United States to bail out the North, and seek a soft landing for its anachronistic social and economic system. It also implies that Pyongyang also makes a strategic choice to pursue a limited opening to obtain foreign trade, aid, and investment.

But such a course runs the risk of merely bolstering a weak regime, and increasing the threat to the United States and Republic of Korea forces unless the pursuit of political and economic engagement is part of a well conceived strategy.

If the administration has such a strategy, it is one of the best kept secrets in Washington. The bottom line, however, is that Congress should not undermine the agreement. Congressional action to alter or undo the accord would be counterproductive to allied and U.S. interests. Before passing any legislation to micromanage Korean policy, Congress should be aware of the law of unintended consequences.

Instead, Congress should hold the administration’s feet to the fire on a whole range of these issues. It should insist on close con-
sultation with the administration to build on the accord, and strictly enforce it, establishment bench marks for judging its implementation, and to subordinate it to a larger strategy that takes the things that Pyongyang wants beyond this accord, full relations with the United States and Japan, a peace treaty, large scale direct investment, access to multilateral development banks, and enhanced security, and build that into an incentive structure to obtain United States priorities of reduced military confrontation and North-South progress.

This is the possibility of a strategy. And it should be made clear to the administration also that there are certain North Korean actions that are deal breakers leading back to confrontation. I just want to list these for the record. One, if it reprocesses the fuel rods. If it refuses to fully cooperate with the IAEA monitoring all of its declared facilities. If it refuels its 5-megawatt reactor, or if it reopens its reprocessing facility. If it resumes construction of its two new reactors. If it is revealed to have more plutonium than declared, and refuses to place such material under IAEA safeguards. And last, if it is revealed to have nuclear weapons and does not dismantle them, and place all nuclear material under IAEA safeguards.

Finally, there is always a great temptation to respond to North Korean rhetoric and provocations, such as what I think is its recent posturing over the lightwater reactors. This should be resisted. Regardless of what Congress does, the accord is very clear. If the North does not deal with South Korea, there will be no lightwater reactors.

And I will stop here, and welcome your questions.
[The statement of Mr. Manning appears in the appendix.]

Mr. ROTH. Thank you, Mr. Manning.

We are going to hear from our third witness before we have questions, Mr. Leonard Spector, director of nuclear nonproliferation project, Carnegie Endowment for International Peace. Mr. Spector, could we hear from you.

STATEMENT OF LEONARD S. SPECTOR, DIRECTOR, NUCLEAR NONPROLIFERATION PROJECT, CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

Mr. SPECTOR. Thank you, Mr. Chairman.

It is an honor to testify here before the two subcommittees. As a first step for assessing this accord between the United States and North Korea, it should be appreciated that the extent to which it will constrain North Korea's nuclear activities is quite extraordinary.

Under the agreement, North Korea has agreed to freeze operations at or construction of every nuclear facility which, because of its weapons potential, is of concern to the United States. And this freeze is to be verified and is being verified by the International Atomic Energy Agency. And apparently, as we understand it, North Korea is complying with this freeze on operation and construction.

Second, North Korea has agreed that it will not separate plutonium, and it now has enough for four or five weapons sitting in the spent fuel at the storage pool. According to the agreement, North
Korea will not separate this plutonium from the spent fuel that it removed last year from the 5-megawatt reactor at Yongbyon.

Again, the IAEA has verified the status of the fuel, and discussions between North Korea and the United States indicate that the North is indeed ready to proceed with measures that will make reprocessing of this material unnecessary.

Third, Pyongyang has agreed that it will ship the spent fuel out of North Korea, and it will thereafter dismantle all facilities of proliferation concern to the United States, again under the IAEA’s supervision. If this agreement is implemented, I would say that with the exception of the involuntary denuclearization that was imposed on Iraq after the 1991 gulf war, there has never been an international agreement that goes so far to eliminate an emergent nuclear weapons capability.

A particular strength of the agreement lies in its phasing of the reciprocal obligations that it contains. Stated succinctly, throughout the duration of the agreement, the United States and its friends will be able to determine before they act whether Pyongyang is operating in good faith and living up to its obligations under the accord.

I have provided a chart at the end of my testimony that displays these different reciprocal obligations. And they vary over time, of course. But the fundamental principle is that we can always and continuously test North Korea’s good faith by observing its behavior, and predating our own on what they do.

At any stage, if North Korea ceases to comply with its obligations, we will hold back further compliance from our end, halting shipments of oil, transfers of nuclear goods, and construction of the LWR’s, while simultaneously using diplomatic and economic pressure to bring the North back into conformity with its obligations.

Now there are certainly flaws in this agreement, and it does have its drawbacks. The most serious is that it postpones the IAEA’s ability to resolve uncertainties about the Democratic People’s Republic of Korea’s past production of plutonium. And thus, it permits Pyongyang to retain whatever material it may now have, which is possibly enough for one or two nuclear devices, for perhaps 4 or 5 years.

The agreement also fails to penalize the North for its bald refusal to permit special inspections that the IAEA has sought since fall 1992, and for North Korea’s blatant disregard of agency procedures during the May to June 1994 defueling of the 5-megawatt reactor at Yongbyon. There is no denying that these are unfortunate aspects of the agreed framework.

It is important, however, to realize that compliance with IAEA rules is not an end in itself, but is really a means to an end, namely the end of retarding the spread of nuclear weapons. While the agreed framework has weaknesses on the IAEA side of the ledger, other nonproliferation restrictions that it imposes more than compensate for these weaknesses.

In particular, the agreed framework’s unusual restrictions on North Korea go far beyond the normal requirements of the Nuclear Nonproliferation Treaty. Under the NPT, states are permitted to build and operate any type of nuclear plant, regardless of whether
they are optimized for the production of material for nuclear weapons, as long as they are subject to inspection.

But under the agreed framework, North Korea is required to freeze and then dismantle facilities that we believe are intended for weapon purposes.

Under the NPT, states are permitted to separate and stockpile plutonium, again as long as it is kept under IAEA inspection. But under the agreed framework, the North has agreed not to reprocess spent fuel that it now possesses, and to dismantle its reprocessing plant at Yongbyon.

And as for the IAEA, although it is prevented from implementing special inspections for a number of years, it is given added responsibilities under the agreed framework that go well beyond its normal duties, namely verifying the freeze and the dismantlement that the agreement calls for, as well as verifying the shipment out of North Korea of existing stocks of spent fuel 4 or 5 years hence.

Thus, while the agreement does unmistakably deal a blow to the agency's prestige in one respect, it bolsters the agency in other ways. And I think that the whole process by which we got to the agreement, in particular the invocation of the Security Council, and the threat of economic sanctions, all of this was triggered by the IAEA, and demonstrated that this is a potent agency, even if we have held back from enforcing one element of the IAEA Program.

Now in my written testimony, I have addressed several questions that have come up here. In the interest of time, I would like only to address one of them now. And that is whether the agreed framework is a dangerous precedent. As I suggested earlier, there is no question that some aspects of the agreed framework are disadvantageous to U.S. nonproliferation goals.

But the key point to bear in mind is that the North Korean case is unique, and that the precedent set by the agreed framework is very complex and rather ambiguous. Only if similar circumstances present themselves once again would the agreement have strong precedential value.

In the case of Iran, for example, we have a situation that is very dissimilar to that in North Korea. Tehran argues that if the United States and its Western allies are willing to sell LWR's to North Korea, even though that country is not in compliance with IAEA obligations, then the United States and its friends cannot reasonably refuse to sell such reactors to Iran, which is fully complying with IAEA rules.

But to be eligible for the LWR's, to get the nuclear equipment, North Korea will have to comply with the IAEA rules, and allow the special inspections and so forth. And moreover, it will have to go far beyond the IAEA rules by freezing its sensitive nuclear plants, foregoing reprocessing, shipping spent fuel out of the country, and so forth.

Iran has not offered to accept comparable restraints, and in the views of United States officials, its continued pursuit of a program to develop nuclear arms should therefore disqualify it from receiving civilian nuclear transfers.

I have to say that I share some of the anxieties expressed on the committee about the trustworthiness of the North Koreans. But one essential point to realize is that this agreement is not based
on trust, but it is based on mutual performance. And certainly, in the early stages, the North Koreans go first and we go second. And in the later stages, there is a simultaneous performance, so we are always able to verify that the North is living up to its obligations.

If we are lucky and the dialog that the agreement fosters between North Korea on the one hand and the United States and South Korea and Japan on the other, has the effect of opening up the North to the outside world and creating added incentives for it to moderate its behavior, not only will we have progress in the nuclear area, but we may have progress on other issues as well, such as nuclear missile development and sales, as well as improved dialog with South Korea on a whole host of matters.

These may prove to be added benefits of the accord. Even if relations remain tense, however, as long as North Korea continues to act in accordance with the agreement, United States national security and global efforts to curb the spread of nuclear weapons will be enhanced by our acting in accordance with our side of the bargain.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Spector appears in the appendix.]

Mr. ROTH. Thank you very much, Mr. Spector. And Dr. Feulner, and Mr. Manning for your excellent testimony. We realize that when you come and appear before a committee that it takes a good deal of time to get your testimony ready and the effort to come here. So we want you to know that we appreciate it very much.

Before I ask Mr. Berman if he has any questions, let me ask you. I think that in talking with our colleagues in the Cloakroom that the big issue that always comes up when we are discussing this among ourselves is what are the intentions of North Korea, do they want to deal with us or do they want a nuclear weapon. So in reporting back to them, why do I not ask each one of you to address that, if you would.

Dr. FEULNER. Mr. Chairman, in my numerous visits to South Korea, not yet to North Korea, all I can say is that North Korea is the old enigma wrapped inside a puzzle. In a country where there is serious speculation as to who is even in charge of the country, now 9 months after the death of the late Supreme Leader, Kim II Sung, it is very hard for me to speculate as to their intentions.

Looking at it realistically, however, the 1 million military men on the North Korean side, arrayed against our ally, the Republic of Korea; the heavy artillery that Bob Manning referred to within range of South Korea, within range of the capital of South Korea, Seoul, a city of some 13 million; all of these, I think, indicate a less than friendly intention.

Their economy is clearly in a bad situation at this time. They are in fact looking for whatever kind of bailouts that they can get. I think that they in that respect at least welcome the opportunity for foreign investment, wherever it comes from, or at least examining that potential. But in terms of their intention, I really cannot read those tea leaves.

Mr. MANNING. In terms of their nuclear program, I guess I would argue that their intentions have probably changed over time, if you go back to when they got their first research reactor, a small one,
from the Russians in the mid-1960's. I think initially, and do not forget that there was a period in the 1970's when the South Kore-
ans had their own covert nuclear weapons program, which we stopped, with the allegation that the United States had tactical nu-
clear weapons in South Korea.

But I think that in broad terms that the original intention was to
conquer the South by force. And their development of nuclear
weapons I think originally was to deter American use or that goal.
I think at present that they have one supreme intention, and
that is regime survival. And their activities seem to be focused on
that. That is why in my estimate they signed this package deal.
This is more about economics than it is about nuclear weapons, I
think from their perspective. And that is the tradeoff that we have
hopefully forced them to make.

They had wanted both. They had wanted nuclear weapons, and
they wanted investment and trade. And the policy was structured
to force them to choose. Although the possibility of a covert pro-
gram developing the 8 kilograms or so that Sandy Spector referred
to is there, I think it is an achievement to shut off what could have
been a strategic nuclear arsenal.

Mr. BEREUTER. Mr. Spector.

Mr. SPECTOR. I had refrained from making any predictions about
North Korea until the summer, and then I predicted that they
would immediately reprocess this material, and was proven wrong.
So I am going back to what I used to do, which is to watch behav-
ior.

And I have to say that it really is astonishing that the North Ko-
reans have absolutely frozen the program in conjunction with this
agreement, and that they are allowing American officials and
American technicians from Westinghouse to go and look at their
spent fuel, and figure out a way to manage it and so forth. I think
that is an incredible reversal.

And while I think that it is wise to be very suspicious about
them, at the moment their behavior on the most important areas
is very compliant with what we would like. And I think that it
ought to give us confidence to proceed down the road with this
agreement, but regardless, always being very watchful.

So I cannot predict. My hope is that they will reap the economic
benefits that are here, and the opening that the agreement pro-
vides. And that bit by bit, the country will become a bit more mod-
erate over time. But the most important thing is the immediate be-
havior. And that so far is very much on the positive side.

Mr. BEREUTER. Thank you.

Does the ranking member have any questions?

Mr. BERMAN. Thank you, Mr. Chairman, I do, and I appreciate
the time.

A person that I respect perhaps maybe takes somewhat the same
position as Dr. Feulner. He does not want to bust up the agree-
ment, but he is skeptical. He says yeah, we probably know that
they are freezing those parts of the program that we are verifying,
halting construction of the new facilities and ending operations of
the existing facility and handling the fuel rods, but we do not really
know.
And notwithstanding our intelligence capabilities, we really do not know what they are doing with the plutonium which is not yet covered, and whatever other things might be going on. That they have the ability in that society to shelter from our knowledge work to be going on to be building nuclear bombs, and doing other work along those lines.

I would like Mr. Spector the extent to which you agree with that concern?

Mr. SPECTOR. Well, this is a very difficult problem. Because almost by definition we are talking about something which we cannot know. It seems to me that probably whatever damage there was from the existence of this plutonium, that is to say the manufacture of a nuclear weapon, if it took place at all, it may well have taken place prior to the signing of the agreed framework.

We have to assume that the North Koreans were working on a nuclear weapon design from the late 1970's. Normally, you do that in parallel with your effort to acquire the material for nuclear weapons. So in terms of weaponization, probably there is no harm in further delay, because in a sense the damage may be done.

But what we are able to achieve in the agreement is, of course, to avert any additional production of plutonium for the time being that could add to this possible de facto arsenal.

There is the danger that in the period before we get a look at and really can hunt down this other plutonium, they might advance the missile program to a certain degree. And I think that is a potential flaw here. My impression is that if you——

Mr. Berman. What is the potential flaw?

Mr. Spector. It is a serious flaw. The flaw is that they could advance the missile program while they are sitting on perhaps a bomb or two worth of plutonium. Then I suppose at some later stage they could call the deal off, and start reprocessing at that point, and be that much further along.

But I think at least for the interim period that we have averted the production of more plutonium. We have averted the exacerbation of this problem. They have Scud missiles already that, with let us say two nuclear warheads, can do a lot of damage to South Korea.

And I am not sure that the incremental addition to the danger is not. Well, I would say that it is offset by the benefits that we are getting in terms of freezing further plutonium production for now.

Also we have a lever now that is in play, which is the opening of the liaison office, and is going to be connected with the resolution of other outstanding issues, in particular the resolution of further missile development.

So we have some time here, some breathing space, and we may be able to get our hands around the next part of the problem. But this is certainly a very big loose end.

Mr. Berman. I would like to ask Dr. Feulner what your reaction is to the statement of Mr. Spector, that with the exception of the involuntary denuclearization imposed on Iraq after the 1991 gulf war, there has never been an international agreement that goes so far to eliminate an emergent nuclear weapons capability.

Is that a fair statement?
Dr. Feulner. Frankly, Mr. Berman, I have not reviewed all of the nuclear agreements in the past. My area of particular interest and specialization is Korean and Asian policy rather than nuclear proliferation. However, as you rightly pointed out in your opening statement, I view the agreed framework with perhaps more skepticism than Mr. Spector does.

Mr. Berman. In other words—

Dr. Feulner. In other words, I do not know if I would say that it was that dramatic and far reaching an agreement.

Mr. Berman. Mr. Manning, I am sorry I missed your testimony. I was in the other room dealing with a telephone call I had to make. But I read your writings, and we have talked before. You talked about a North Korean Government very focused on economic issues right now, obviously trying to maintain itself in power, and a regime that would probably try to maintain itself in power at any cost.

This morning or earlier we heard Ambassador Gallucci speak to the contacts that he expected if things follow through that the North Koreans would have with the South Koreans in terms of the delivery of the lightwater reactor, the expanding commercial relationships, and the dialog as things that ultimately will bring down the regime. One of them is wrong.

What are your thoughts about this? Either the regime is wrong or we are wrong in assuming.

Mr. Manning. Well, I think that it is not prudent to make policy on the assumption that your negotiating partner is going to collapse, No. 1.

Mr. Berman. What?

Mr. Manning. It is not a prudent way to make policy to assume that is going to be the outcome. Because I do not think that Bob Gallucci knows it anymore than anyone else, although that is certainly a possibility.

It seems to me that the assumption that—this is the most hermetically sealed society on the face of this planet. So anything that opens them up in my view is probably good, and certainly in the American interest. I think that we should be MTV Asia in there as soon as possible. But the problem I have—

Mr. Berman. Radio free North Korea.

Mr. Manning. The problem I have is essentially the administration seems to be arguing that the nuclear agreement itself is a strategy for doing all of these other things. And it may open these things up, but there is no guarantee. All it permits them to do is to put in light-water reactors. What they have done on this is the same thing that they have done on their trade and investment strategy.

They have carved out the Rajin-Song Bong duty free trade area in an isolated part of the country to keep out the spiritual pollution, if you will, accompanying foreign investment and the foreigners that accompany that.

And they are trying to do the same thing and will try to do the same thing with the nuclear reactor. I think that they are terrified of the Chinese experience, which is the closest thing to a model or an example for them to look at with a Confucian-Leninist regime trying to open up its markets on the economic side.
And they are very nervous about this. They watch us beating up the Chinese in trade negotiations, even as I speak. And they are very concerned about this. And they are trying to have a much more measured approach.

I frankly think that it is a question of time. I think that the problem in trying to estimate if and when the collapse is you have a very closed society. Only 15 percent of their entire GNP is linked to foreign trade. It is a very insular, not only the society but the economy.

And as long as the Chinese make up the 2-million-ton shortfall in grain every year, even if people have to eat two meals a day, they get something to eat.

And the question of legitimacy is the interesting one. I do not have an answer to that. Kim Il Sung has a kind of legitimacy that no successor can have. What is interesting about the agreement to me is that it has appeared to me that whoever is in charge in North Korea seems to connect this agreement or see this agreement as a source of its political legitimacy. And that may be one reason why they have been so judicious in terms of the fuel rods and some of the compliance that Sandy referred to.

But I think that it is not prudent as a policy point to assume that all of these things are going to happen. The opposite could happen. They could contain this. They could have more energy, and a strengthened economy, and come back stronger than ever 5 years from now.

I do not know that anymore than I know they will collapse, and I do not think that anybody else does either. That is why I am concerned that they have reduced the problem to a nuclear problem, when in fact I think the nuclear part is probably the easy part of the problem.

Mr. Roth. Mr. Berman, do you have any other questions?

Dr. Feulner. If I may just add a footnote, Mr. Berman, to Bob Manning's I think very accurate presentation when he described the hermetically sealed North Korea. As you know from our discussions in years past, that in one of my prior incarnations, I was very much involved in various aspects of public diplomacy.

And one of the issues that we looked at in the mid-1980's was why the Voice of America could not penetrate more effectively into North Korea. And the very simple reason is that every radio sold in North Korea is preset to the one single frequency of the government station. So even the prospects of a radio free North Korea is not one that is a very practical one.

Mr. Roth. Mr. Berman, thank you very much for your questions. As always, you are one of them more astute members that we have in the Congress, and it is a joy to have you on our committee here.

Mr. Berman. I am going to blash.

Mr. Roth. No, you are not.

Dr. Feulner, I was struck when you had mentioned—I did not realize before that President Clinton sent a letter to Kim Jong Il, and did not expect a response. Golly, he is easier on him than my constituents are on me. [Laughter.]

You are a student of that part of the world. What is the likelihood of a conflict breaking out in the peninsula in the foreseeable
future; and what are the prospects of reunification, and do we really want reunification in Korea?

Dr. FEULNER. I believe that as long as the United States-South Korean relationship is perceived by North Korea as being as close as it traditionally has been, as long as we do not permit the wedge to be driven between us and our allies in Seoul, and that there is a common phalanx there avoiding any talk about a new bilateral peace treaty replacing the armistice or some of the other factors, and we stay close to South Korea, then I would not want to quantify the prospects of a real conflagration in the peninsula. But I would have to say that I believe it is unlikely. I hope that is an accurate description.

In my recent trips to South Korea, Mr. Chairman, I have noted shall we say a change in attitude among the people of South Korea, not so much the political leadership, but the people of South Korea, both the business community, academics, and others, in terms of their perspective about the desirability of reunification, or at least rapid reunification.

The South Koreans are continuously sending teams of experts to Germany to see how Germany is being reunified. I think every time that they come back they are a little more horrified at the cost that West Germany has had to absorb in terms of the integration of the new united Germany.

And I think that this, frankly, is a rather inhibiting factor in terms of the former. Really reunification is the No. 1 national goal. I think that it is something that the political leadership looks for. I think that it is something though that the business community it looking at ways of going in and trying to raise the North Korean economic status before any reunification with the hope that there will not be the huge gap that there is now.

In other words, it is going to be a longer term outlook than perhaps was thought a few years ago in terms of what their idea would be. In fact, the last time I was there, I met with an individual who was in charge of a program projecting what would happen if unification were to begin in the year 2001. I said maybe you will not have that choice. Maybe it is going to be next week, next month, or next year. That was not something that they really wanted to confront in terms of their long range planning, I am afraid, not in the private sector think tank community.

Mr. ROTH. Thank you.

Mr. Manning, in your view, who is really in control of the nuclear weapons program, is it the North Korean military, who is in control, and does the military feel that they are bound by the signature on this agreement?

Mr. MANNING. I think that it is the kind of same situation that you have found in previous Leninist structures, that the party is in charge to the best of my knowledge. I do want to say what when I have talked to our negotiators, that it has been evident to them, and I think that it was evident to Tom Hubbard when he went to try to get the captured flyer back, that there are clear differences, I will not say factions because we do not know that, but there are clear differences between the North Korean military and perhaps the nuclear establishment, and the foreign ministry that have been evident at various points in the negotiations.
But I think that the party is in charge. Kim Jong Il, as Dr. Feulner, it is the one title he does have, as in control of the military. So I do not think that in and of itself is a major concern, if you are thinking about a loose nukes problem.

Mr. ROTH. Thank you.

Mr. SPECTOR, in answering Mr. Berman's question, you had talked about that you do not know what it happening in North Korea as far as their building a nuclear weapon and so on. But, you know, in Russia for example, now they have three economies. There is the legitimate economy, and there is an underground economy, and there is a criminal economy.

Why could not the North Koreans, if they wanted to, just buy the materials for a bomb, or even the bomb itself from someone in Russia?

Mr. SPECTOR. Well, I think that this is an area that deserves attention. Insofar as we know at this point, there are no nuclear weapons available for sale in the former Soviet Union. But there have been increasing anxieties about the potential sale of weapon grade nuclear materials.

I think that what we have to do is to be monitoring North Korea extremely closely, and I know we do this, looking for signs that such material might be coming into the country, or that there are new locations where activity with nuclear signatures let us say are taking place, which might indicate something of this kind were happening.

In that instance, I think that you must go back and revisit the agreement. It seems that we were able to track a very small quantity of oil as it found its way to the wrong place in recent weeks. Perhaps our monitoring in North Korea could also track these other issues.

But I think that this is a very serious issue. And the only thing that I could say as far as the agreed framework is concerned is that while the problem you raised remains a problem and cannot fully be addressed by the agreed framework, at least the problem we know about and we knew was quite imminent has been at a minimum postponed, and hopefully successfully addressed. And we are able to get our hands around that facet of the danger.

Mr. ROTH. Mr. Manning, you were going to add something.

Mr. MANNING. There is one point that I would make on that. There was one big incident I recall a couple of years ago when a couple of dozen Russian scientists were caught trying to board a plane in North Korea. These were missile specialists. And I think that problem is there.

One suggestion that I would have is to make sure. The FBI is supposed to have an office in Moscow. And the FBI counter-intelligence ought to be trying to get full cooperation from Russia in monitoring any North Korean operatives running around there.

Mr. ROTH. That sounds like a good point.

Gentlemen, thank you very much again for your excellent testimony. It was a pleasure to have you here. Thank you.

[Whereupon, at 1:08 p.m., the subcommittees were adjourned.]
APPENDIX

SUBCOMMITTEE ON ASIA AND THE PACIFIC
OPENING STATEMENT BY CHAIRMAN DOUG BEREUTER
JOINT HEARING ON U.S.-NORTH KOREA NUCLEAR AGREEMENT

February 23, 1995

Today’s hearing focuses on the most urgent Asian security issue before the U.S. Congress. Last October the United States and North Korea signed an Agreed Framework which, if fully carried out, would address a number of U.S. concerns about that highly secretive country’s nuclear program. Among other things, the Accord obligates North Korea to freeze and eventually dismantle its graphite-based nuclear program, and also provides, eventually, for long-delayed special inspections of suspected nuclear waste dumps. These inspections are essential to determining whether North Korea has in the past diverted nuclear material to a nuclear weapons program. Such diversions are strongly suspected by U.S. intelligence agencies and the International Atomic Energy Agency (IAEA).

The agreement with North Korea was concluded after some 17 months of intense negotiations, punctuated by precipitous actions by North Korea, such as removing the fuel rods from its one operating reactor without required IAEA supervision, and by U.S. preparations to seek United Nations economic sanctions.

The Agreed Framework was negotiated largely by one of our Administration witnesses today, Ambassador At Large Robert Gallucci. Let me say at the outset that I have serious concerns about the agreement with North Korea -- which I will set forth in some detail at this hearing -- but I have only the highest regard for Ambassador Gallucci. I can hardly think of a more difficult task than dealing with that bizarre and enigmatic regime. He showed both mental toughness and creativity in breaking the negotiating impasse, and I have no doubt that given the parameters within which he had to operate, he acquitted himself well.

My admiration for Ambassador Gallucci notwithstanding, the Congress has been presented with an agreement that seems to raise more questions than it resolves. Moreover, there appears to be growing reason for concern that North Korea is backing away from it, even as we deliberate here today.

Our second Administration witness is the Honorable Edward L. Warner III, Assistant Secretary of Defense for Strategy and Requirements. I have asked Dr. Warner to address the security situation on the Korean peninsula, including the consequences should North Korea fail to carry out its part of the accord. I have also indicated my concern, and that of many of my colleagues, that for at least the next five years we will not have a full accounting of North Korea’s stocks of nuclear material. We have asked the Pentagon how our military forces
plan to factor into U.S. defense strategy the possibility that North Korea already has one or two nuclear weapons.

I have the following broad areas of concern:

First, why did the United States Government wait so long before responding to what our intelligence assets indicated was a clear threat posed by North Korea’s reprocessing activities, beginning in the late 1980’s?

Second, whatever benefits the agreement may bring -- such as a freeze and dismantling of nuclear facilities -- on its face the agreement appears to reward countries that refuse to meet their obligations under the Nuclear Nonproliferation Treaty. This seems to me to have troubling implications for our wider nonproliferation policy.

Third, there seems to be a gap between the Agreed Framework and some of the benefits claimed for it. I appreciate that some of the details are contained in a classified annex, but all of us are concerned about North Korea’s current adamant stance about receiving South Korean reactors, even though the Administration has said that North Korea accepted this condition.

Fourth, many are troubled by the long delay, perhaps as long as five years, before North Korea’s undeclared waste sites will be inspected, and the lack of any clear agreement about what happens if discrepancies are found.

Fifth, several recent developments raise serious new questions about the agreement and North Korea’s intentions and the tightness of the accord’s drafting. These include the issue of whether North Korea has diverted U.S.-supplied heavy oil to its military machine, as was suggested by General Gary Luck in testimony to the Senate Armed Services Committee last Friday.

Finally -- for the moment at least -- I am concerned that the Administration is not taking a broad enough view of U.S. security interests in the Korean peninsula, and may not be working closely enough with our allies, especially South Korea, to address other aspects of the North Korean military threat. If we won’t know whether North Korea has diverted material to nuclear weapons for five years, what steps should we take in the interim to deal with the possibility that they have one or two weapons? What plans does the Administration have to engage with North Korea to reduce its conventional forces and deploy them in less threatening postures?

Clearly this is one of the most important regional security issues confronting the Congress. It is a matter of frustration to many Members, including myself, that our ability to influence this agreement after-the-fact is very limited, unless we are
prepared to risk its collapse. If I could draw a personal bottom line, it comes down to two points:

One: the Administration will find itself on exceedingly shaky ground with Congress if it allows North Korea to force a renegotiation of any aspect of the accord. That includes the question of who supplies the reactors and any new demands resulting from the recent revelation that North Korea’s power grid is too small to handle the 2000 megawatts that will be produced by the LWRs.

Two: it is unacceptable if the Administration allows the North Koreans to drive a wedge between us and the Republic of Korea. I am absolutely committed to the principle that the United States should not proceed with any further expansion of U.S.-North Korea diplomatic or economic ties -- let alone concrete moves towards providing the reactors -- before movement by North Korea to carry out the 1992 agreements on a North-South dialogue and Korean peninsula denuclearization.
Mr. Chairman, it is a pleasure to testify on the Agreed Framework concluded by the United States and the Democratic People's Republic of Korea in Geneva just over four months ago.

The Clinton Administration believes the approach we have taken in the Agreed Framework serves our interests, the interests of our allies in the region and those of the international community. If fully implemented, it will create a nuclear-free Korean Peninsula, erase an important threat to the international non-proliferation regime and, potentially, open the door to discussions on other issues of concern, such as the North's export of ballistic missiles.

Since there has been a great deal of testimony recently on this issue— including Secretary Christopher's extensive remarks before the Senate Foreign Relations Committee— I would like to just briefly explain our approach to the negotiations and to elaborate on why we believe the Agreed Framework is in our national interest. I would also like to discuss in more detail the process of implementation which has already begun.
U.S. Policy: An Overview

Mr. Chairman, when the Clinton Administration entered office in January 1993 it was immediately confronted with the problem of North Korea's nuclear program. That program, which had been underway for more than a decade, had the potential to produce hundreds of kilograms of plutonium and a significant stockpile of nuclear weapons by the end of this decade. Such a nuclear stockpile, in the hands of an totalitarian regime that had engaged in aggression in the past, whose conventional forces already threaten our close allies in the region, and that had seen fit to export ballistic missiles and might well do the same with nuclear material, would have been intolerable.

The Clinton Administration's direct involvement with the nuclear issue began in March 1993 when North Korea announced its intention to withdraw from the Nuclear Nonproliferation Treaty (NPT). That declaration—coming after the International Atomic Energy Agency (IAEA) was unable to resolve discrepancies in the way the North accounted for its plutonium stocks—raised international alarm about North Korea's nuclear program.

I do not want to recount now the events over the next 18 months which led to the October 1994 Agreed Framework but let me make just three points.
First, throughout this period, our diplomacy to resolve the nuclear issue was conducted from a position of strength including evident military readiness on the ground. When North Korea took the unacceptable step of unloading fuel from its 5 megawatt (MW) reactor last spring, we were prepared to pursue a sanctions resolution in the Security Council and to put additional forces in place to counter any hostile reaction. And the North Koreans knew it. When talks resumed again, it was only after North Korea accepted our new terms, namely that it not reload and operate the 5 MW reactor, not reprocess any of the spent fuel in the storage pond and accept a continuing IAEA presence.

Second, we set ourselves the goal of neutralizing the North Korean nuclear program in a way that went far beyond simply gaining North Korean compliance with its NPT safeguards. Our initial goal when we began this process was to bring North Korea back into compliance with its IAEA safeguard obligations and to end its threat to withdraw from the NPT. But the North’s interest in light water reactors (LWRs) opened the door to a more far-reaching solution: freezing and ultimately dismantling its gas graphite program. Together with our South Korean and Japanese allies, we decided to pursue this more far reaching objective because, even under IAEA safeguards, these facilities posed a threat to our security. They would have enabled the North to continue to produce and separate large quantities of weapons-grade plutonium. As a result, when we
went back to the table in Geneva last summer, we were determined to secure North Korea's return to its IAEA obligations and to dismantle North Korea's existing nuclear facilities. We succeeded in both these objectives.

Third, we conducted our policy, and continue to do so, in close consultations with our allies South Korea and Japan. These consultations have been unparalleled in my twenty years in government. They have been conducted through embassies in capitals, working-level discussions, daily consultations during the negotiations, regular trilateral meetings and contacts between the highest levels of all three governments.

The October 21 U.S.-DPRK Agreed Framework

The result of these efforts was the U.S.-DPRK Agreed Framework. The Agreed Framework resulted in an immediate freeze of the North's nuclear program. The freeze includes a prohibition on the reloading or restarting of the 5 MW reactor and thus a halt to any further production of plutonium. It also includes sealing the reprocessing plant and requires the safe storage and eventual shipment of existing spent fuel out of the country. This put a stop to the separation of any more plutonium and made provision for the removal of 4-5 bombs worth of plutonium from North Korea. The Framework also freezes construction of the two larger reactors—50 and 200 MW—which, when completed, would have produced enough plutonium for
dozens of bombs each year. Finally, under the Agreed Framework, North Korea will remain in the NPT: it must take any measures deemed necessary by the IAEA— including special inspections— to fully disclose past nuclear activities.

In return, we will lead an international effort to provide North Korea with proliferation-resistant light-water reactors and heavy fuel oil shipments until those reactors come on line. In this context, I want to emphasize that no delivery of any significant nuclear components for the reactors will take place until North Korea complies fully with its safeguards obligations. Also, under the Framework, the United States and North Korea will move toward more normal relations, including the opening of liaison offices in each other’s capitals. However, under the framework, full normalization will only come when the DPRK moves to resolve other issues of concern to us. We have already identified for the North our strong concerns about its ballistic missiles exports and its forward, destabilizing conventional force deployments.

In addition to opening the way for the establishment of more normal political and economic relationships between the United States and North Korea, the Agreed Framework is intended to promote dialogue between North and South. As part of the Framework, North Korea has pledged to resume dialogue with South Korea on matters affecting peace and security on the
peninsula. We have made it clear that resuming North-South dialogue is essential to the success of the Framework. Deputy Assistant Secretary Hubbard will have more to add on this point.

The Agreed Framework is a good deal since the burden of up front performance falls on North Korea, not on the United States. North Korea was required to freeze its nuclear program immediately. It has done that. In response, we have provided the North with a small amount of heavy fuel oil, begun to move towards establishing liaison offices and very selectively eased commercial sanctions. We are also working with the North to place the existing spent fuel in containers for it to be ready for shipment out of the country. The most significant benefit for North Korea-- construction of light-water reactors-- will not come for several years and sensitive nuclear components for them will not be delivered until the North fully accounts for its past nuclear activities.

Second, the Framework places highest priority on the elements of the North’s program that most acutely threaten U.S. and regional security. Our most immediate concerns were the North’s current capability to produce more plutonium for nuclear weapons-- the existing spent fuel, the operating 5 MW reactor and the reprocessing plant-- and its potential ability to produce more in the future-- the two larger reactors under
construction. All are dealt with in the Agreed Framework. That document also requires the DPRK to accept special inspections and to come clean on past nuclear activities, but not immediately. Quite frankly, while it was vital to achieve such a commitment, from a national security perspective, just when those inspections were conducted was less critical than the time urgent need to stop any further production or separation of plutonium. The information to be obtained from special inspections will not perish during this time.

Finally, we will be able to monitor closely North Korean compliance with the Agreed Framework, both through IAEA inspection and the use of our own national technical means. Moreover, the structure of the Agreed Framework provides us with added insurance since the path to implementation has defined checkpoints. If at any time North Korea fails to meet its obligations, we can take appropriate action. Since the burden of up front performance falls on the North, if the agreement breaks down before the LWRs are complete, we will still be ahead of the game. North Korea’s entire nuclear program will have been frozen, potentially for years.

Implementation of the Agreed Framework

Mr. Chairman, while the conclusion of the Agreed Framework is an important step forward, successful implementation will be
critical. For our part, the United States intends to live up to its end of the bargain if North Korea fulfills its commitments. Currently, our overall assessment is that, while we have some concerns, we are satisfied with implementation of the Agreed Framework.

**Nuclear Freeze:** North Korea has frozen its entire nuclear program. While the IAEA already has inspectors on the ground monitoring the freeze, that presence will be expanded. We understand that talks between the DPRK and the IAEA on expanding the Agency’s monitoring measures have gone well and, hopefully, will be completed soon.

**Spent Fuel Storage:** The United States and North Korea have agreed to a plan for safely storing the existing spent fuel unloaded from the 5 MW reactor last spring. That fuel, if reprocessed, could have yielded sufficient plutonium for 4-5 nuclear weapons. The U.S.-DPRK agreement followed a series of meetings between both country’s experts and the first ever visits by our team to the Yongbyon nuclear facility to evaluate the situation on the ground. The process of placing the fuel in canisters for safe storage and eventual shipment out of the country can begin this spring and be completed by next fall provided the Department of Energy’s request for reprogramming is approved by Congress soon.
Easing Commercial Restrictions: The United States and North Korea have eased restrictions on commercial transactions. In the Agreed Framework, the U.S. and North Korea agreed to begin reducing restrictions on telecommunications services and financial transactions within three months, or by January 21. On January 9, the DPRK announced it was lifting legal barriers to trade with the U.S., including prohibitions on imports from the U.S. and port-calls by U.S.-flag vessels. On January 20, the U.S. announced the easing of sanctions against North Korea including areas such as telecommunications, travel and journalism, and financial transactions. How we build on these first steps will depend on North Korea’s performance on a wide range of issues of concern.

Liaison Offices: The Agreed Framework called for the U.S. and DPRK to open liaison offices in each others capitals after resolving technical and consular issues related to such an opening. These liaison offices would be opened at the lowest level allowed under the Vienna Convention on Diplomatic Relations and staffing will be kept to a minimum. The mission of these offices will be to provide the necessary liaison between the U.S. and DPRK governments as we implement the various parts of the Agreed Framework. After two rounds of expert level talks, most of the technical issues and all of the consular issues have been resolved. The main issue to be resolved is choosing property for the sites of the liaison
offices. This issue remains under discussion at the expert level. A U.S. team went to Pyongyang to look at property in early February and we expect a North Korean team will make a similar trip to Washington in the next few months.

LWR Supply Contract: Under the terms of the Agreed Framework, "best efforts" should be made to reach a LWR supply contract by April 21, 1995. While discussions with the DPRK on the light water reactor project have made progress, critical differences remain. The most important is which country will provide North Korea with those reactors. From the U.S. prospective, the only viable vendor is the Republic of Korea. The ROK, which has offered to play a central role in financing the LWR project, and Japan, which will provide significant funding for the project, insist on the provision of South Korean reactors. This point has been emphasized time and time again to the North. The DPRK says it is concerned about the technical viability of those reactors, but, more accurately, we believe the North finds it politically difficult to have South Koreans build reactors in its country. We plan to have another meeting with the DPRK on the LWR project soon.

Heavy Fuel Oil Deliveries: As specified in the Agreed Framework, the United States delivered 50,000 tons of heavy fuel oil to North Korea in January. We have some concern about the disposition of a small portion of the heavy fuel oil that
we have shipped them for heating and power generation. We have no concern, however, that the oil has been used to power North Korea's military machine. One of the reasons we sent them heavy fuel oil is that it cannot be used in military planes and vehicles. We have raised this issue with North Korea and told them that we expect them to comply fully with the terms of the Agreed Framework.

Korean Peninsula Energy Development Organization (KEDO):
We have made important progress towards establishing the Korean Peninsula Energy Development Organization (KEDO), the international consortium that will have a key role in implementing the Agreed Framework. It is KEDO that will ensure the provision of light-water reactors to North Korea, the heavy fuel oil shipments, the safe storage of spent fuel and its eventual shipment out of North Korea. While the United States, South Korea and Japan are the consortium leaders, the South will play a central role, and Japan will play a significant role, in the financing and construction of the LWR project. Both countries strongly support the Framework as in their national interest, and have demonstrated that support with their significant commitment to finance its implementation.

KEDO's structure will also allow for broader international participation. The U.S., supported by its trilateral partners, has begun to approach other potential members of KEDO in Asia,
the Middle East, and Europe. We hope to hold a meeting of interested countries next month.

North-South Dialogue: The Agreed Framework obliges the DPRK to take steps to implement the North-South Denuclearization Declaration and to engage in North-South dialogue. North-South dialogue is therefore essential if the Framework is to be fully implemented. Even more to the point, however, North-South dialogue is the key to creating a solid, stable state of peace on the Korean Peninsula. So far, the DPRK has not taken any steps to fulfill its obligations under the Framework to engage in North-South dialogue. We are using every possible occasion to emphasize to the DPRK that dialogue is vital to the full implementation of the Framework. The U.S. will remain in close consultation with the ROK on this issue.
Robert L. Gallucci assumed his duties as Ambassador at Large on August 29, 1994. Until then and since July 1992, he was the Assistant Secretary of State for Political-Military Affairs. Prior to that, he was the Senior Coordinator responsible for non-proliferation and nuclear safety initiatives in the former Soviet Union, Office of the Deputy Secretary. Dr. Gallucci had returned to Washington for that position in February 1992. Before that, and since its creation in April 1991, he had been the Deputy Executive Chairman of the UN Special Commission overseeing the disarmament of Iraq.

Dr. Gallucci began his foreign affairs career at the Arms Control and Disarmament Agency in 1974. In 1978, he became a division chief in the Bureau of Intelligence and Research. From 1979 to 1981, he was a member of the Secretary’s Policy Planning Staff. He served as an office director in both the Bureau of Near Eastern and South Asian Affairs, 1982-83 and in the Bureau of Politico-Military Affairs, 1983-84. In 1984, he was named Deputy Director General of the Multinational Force and Observers in Rome where he served until 1988. He then joined the faculty of the National War College where he served until his departure for the UN in 1991.

Dr. Gallucci was born in Brooklyn on February 11, 1946. He earned a bachelor’s degree from the State University of New York at Stony Brook followed by a master’s and doctorate in Politics from Brandeis University. Before joining the State Department, he taught at several colleges and universities including Swarthmore, Johns Hopkins SAIS and Georgetown. He has received fellowships from the Council on Foreign Relations, the International Institute for Strategic Studies, Harvard University and the Brookings Institution.

He has authored a number of publications on political-military issues, including Neither Peace Nor Honor: The Politics of American Military Policy in Viet-Nam (Johns Hopkins University Press 1975). He received the Department of the Army’s Outstanding Civilian Service Award in 1991. He is married to Jennifer Sims; they have a daughter and a son.
Thomas C. Hubbard

Born in 1943 in Kentucky, Thomas C. Hubbard graduated in 1965 from the University of Alabama, where he was selected for Phi Beta Kappa. He joined the Foreign Service in 1965 and was posted in 1966 to Santo Domingo, Dominican Republic, where he served as a Political/Economic officer.

In 1969 he entered Japanese language training at the Foreign Service Institute in Yokohama, Japan. Following language training, Mr. Hubbard was posted to Fukuoka, Japan as Economic/Commercial officer. In May of 1971, following his assignment in Fukuoka, Mr. Hubbard was assigned to the Political Section of the U.S. Embassy in Tokyo.

From Tokyo Mr. Hubbard was assigned to the Japan Desk in the Department of State, where he served as Economic Officer from 1973 to 1975.

In January 1975 Mr. Hubbard was posted to the U.S. Mission to the OECD in Paris, serving first as Executive Secretary to the Delegation and later as Energy Advisor.

Upon completion of his assignment in Paris in August 1978, Mr. Hubbard was again posted to Tokyo, where he served in the Political Section of the U.S. Embassy.

Mr. Hubbard returned in 1981 to Washington, where he was seconded for one year as Legislative Assistant to Congressman Jim Leach of Iowa.

Following this assignment Mr. Hubbard directed the Training and Liaison staff of the State Department's Bureau of Personnel and then served as Deputy Director of the Philippine Desk in 1984-85. He became Country Director for Japan in June 1985, and held that position until his assignment as Deputy Chief of Mission in the U.S. Embassy in Kuala Lumpur, Malaysia in 1987. He attained the rank of Minister-Counselor in the Senior Foreign Service in 1989.

Mr. Hubbard's most recent assignment was to the U.S. Embassy in Manila, where he served as Minister and Deputy Chief of Mission. He arrived in the Department of State as Deputy Assistant Secretary for East Asian and Pacific Affairs on March 22, 1993.
Good morning. I am pleased to have the opportunity to appear before this subcommittee in conjunction with my colleagues from the Department of State.

I will address issues relating to the military balance on the Korean peninsula, including:

- The posture of the Combined Forces Command and its basic approach to deterrence and defense in Korea
- Steps that the Command and the Administration undertook and considered last year as we began moving toward the adoption of enforced economic sanctions on North Korea
- The military risks we see in the future vis a vis North Korea
- Our approach to dealing with the possibility that North Korea may have a nuclear weapon.

Of course, I will be happy to answer any questions you might have relating to these issues.

Sustaining Deterrence and Defense in Korea

The security partnership between the United States and the Republic of Korea—and the military capabilities that support it—are the keys to sustaining deterrence and stability in Korea. The Administration is committed to sustaining our alliance with the Republic of Korea, along with the defense posture needed to maintain deterrence there.

By sustaining and enhancing the capabilities of U.S. and ROK forces, we have given North Korea greater incentives to implement the Framework Agreement we have concluded. That agreement has brought a dangerous
nuclear weapons program to a halt and provides for its eventual dismantlement. But realizing its potential depends, of course, on its being implemented. The Framework Agreement has also opened the way for North Korea to adopt, if it wishes to do so, a more constructive role in Asia and the world by moving toward greater integration into the international economy. It remains to be seen whether Pyongyang will decide to walk down this path.

For the present, North Korea continues to pose a serious challenge to peace by its large conventional forces; their forward posture; and the closed, nature of the North Korean regime. The bulk of North Korea's million man armed force has been deployed forward, within 100 kilometers or so of the demilitarized zone. Moreover, substantial amounts of war materiel, including munitions, fuel, and rations, are deployed forward with these forces, so that final preparations for large-scale offensive operations could be completed within a very short time.

Opposing this is a ROK force of about 640,000 active duty personnel, most of whom are in the Army. Well over a million reserve personnel are available on short notice as well. In peacetime, these forces are supplemented by approximately 37,000 American military personnel, including the 2nd Infantry Division (minus), 4 squadrons of land-based U.S. combat aircraft, and afloat assets of the U.S. Navy and Marine Corps.

The threat posed by the North demands that the allies maintain a high state of military readiness. Our capabilities, along with the Republic of Korea, to deter and, if necessary, defeat a North Korean attack is a key factor influencing North Korean decision making.

U.S. forces in Korea are among the best trained, best led, and most ready in our armed forces. Under normal conditions, South Korean forces constitute the bulk of allied military power in Korea. They, too, are well-trained and highly motivated, and capable of fulfilling their wartime missions.

Our plans for defending the Republic of Korea in the event of war call for the capabilities to conduct several key operations. These include:

- Reliable warning of an impending North Korean attack.

- Early and rapid reinforcement of U.S. forces in Korea. The deployment of combat and support aircraft would be especially important in the opening days of a defensive campaign.
• Forward defense against attacking North Korean land forces. The Republic of Korea’s Army would handle the bulk of this task, with critical assistance from U.S. air power.

• Defense of critical assets in rear areas, including airfields, ports of debarkation, lines of communication, and command and control sites against attacks by air, missile, and special operations forces.

• Suppression of North Korean artillery. Massive artillery attacks play a crucial role in North Korea’s offensive plans and they have made heavy investments in artillery in the forward area.

• Air attacks on ground forces and reinforcement assets in the enemy’s rear area, so that they are unable to exploit any breakthroughs that might occur in our forward defenses.

Once the North Korean offensive had been halted—and we are confident that it would be halted well short of its objectives—U.S. and Republic of Korean forces would subject enemy forces in the field and their warmaking infrastructure to heavy bombardment while reinforcements continued to arrive in theater. When sufficient preparations had been made, U.S. and ROK forces would mount a counteroffensive that would expel North Korean forces from any territory they had occupied and then decisively defeat them.

Largely because of the high state of readiness sustained by allied forces and because of our willingness and ability to rapidly reinforce our units in Korea in the event of crisis or war, General Luck, our Commander and Chief in Korea, believes, and we in the Pentagon agree, that combined forces are capable of executing their wartime missions. As General Luck stated in testimony before the Senate Armed Services Committee earlier this month, "ROK and US forces are ready and able to defeat North Korean aggression and achieve favorable war termination objectives," should deterrence fail.

Enhancing Our Posture—Preparing for Sanctions

As you know, tensions with North Korea rose sharply last year as Pyongyang refused to halt its nuclear program. Against this backdrop of rising tensions, U.S. and ROK forces in Korea pursued a steady program of modernization to improve their defensive capabilities. Key USFK modernization initiatives included:

• Deploying a Patriot missile battalion to the Republic of Korea

• Replacing two squadrons of Cobra helicopters with a like number of more capable AH-64 Apache attack helicopters
• Replacing 24 M-113 armored personnel carriers with 28 modern Bradley fighting vehicles

• Providing GPS receivers to maneuver units of the 2nd Infantry Division

• Upgrading command and control communications for U.S. forces by deploying SINGCARS radios and a new system for producing and disseminating the Air Tasking Order.

In late spring of last year North Korea defueled its nuclear reactor for the second time and refused to allow the IAEA to conduct inspections related to determining how much plutonium had been removed from the reactor during the earlier refueling. The North Koreans also declared that they intended to refuel their reactor, end their IAEA safeguards agreement, and reprocess the spent fuel which they had taken out of the reactor.

In light of these threats and the lack of progress in our talks with the North, the United States—in cooperation with the Republic of Korea, Japan, and other allies—took steps to obtain a U.N. Security Council resolution imposing economic sanctions on the DPRK.

The Administration recognized that seeking sanctions, while absolutely necessary, also carried risks. North Korea had declared that sanctions were, in its view, tantamount to an act of war. This rhetoric, combined with the North's offensively oriented military posture, meant that we had to take seriously the possibility that sanctions could raise the risk of war. We therefore moved to further augment our defensive posture in the region by deploying units and individuals to Korea to enhance specific capabilities. Specifically, we took a number of steps, including:

• Deployment of 12 A-10 close air support aircraft to the Republic of Korea

• Augmenting the intelligence collection, analysis, and dissemination systems available to the Combined Forces Commander in order to improve our capability to monitor North Korean military activities and to enhance the effectiveness of wartime operations, had they been necessary.

• Surveying key logistics and reinforcement needs and taking steps to ensure a smoother flow of forces and materiel during wartime into and within the Republic of Korea.
As a formal vote on sanctions approached and tensions rose, together with President Clinton and the Cabinet, the leadership of the Department of Defense considered a wide range of options to further augment our military capabilities. These ran from minor deployments to a very sizable show of resolve which would have sent additional aircraft, ships, and equipment to the region and would have exceeded 10,000 troops. When President Carter secured Pyongyang’s agreement to return to the negotiating table and to suspend key nuclear development activities, we were very close to implementing these large scale and costly deployments. Of course, if war were judged to be imminent, many more forces would have to be deployed very quickly to Korea.

All of these measures were considered in close consultation with General Luck. I would emphasize, as General Luck has, that the Department authorized every enhancement that he requested during this period. So we took very seriously the need to make it clear to Pyongyang that aggression would not be in its interest.

**Future Risks**

North Korea today has another opportunity to restart a dialogue with the Republic of Korea, and to undertake some confidence-building measures that could help to reduce regional tensions. The Administration recognizes, however, that the Agreed Framework does not directly address North Korean military capabilities or objectives. And we must be prepared for the possibility that Pyongyang at some point might fail to carry out the terms of the agreement. For these reasons, we have no plans to reduce our deterrent and defense posture in Korea at this time. In fact, we plan, through our normal modernization efforts, to enhance it.

As long as North Korea complies with the Framework Agreement, they cannot add to whatever stockpile of plutonium they might have. However, should the North fail to live up to the framework, the United States and its allies still have the option to seek sanctions through the U.N. Security Council. If and as we did this, I believe we would, as a matter of course, return to the options that we considered last year to strengthen our defense capabilities. In the meantime, U.S. and ROK forces will continue to improve their capabilities through joint and combined training and programmed modernization initiatives.

On this note, I would add that, while there is always room for improvement, General Luck has been pleased with both the teamwork that his ROK counterparts have shown and also the steps they have taken to sustain and improve the capabilities of their military forces. These include:
• The addition of the highly capable Korean-built K-1 tank, as well as more long-range and self-propelled artillery

• The deployment of advanced F-16 aircraft

• New coastal defense ships

• The formation of more mechanized and armored units in the ROK Army

• And more realistic training and exercises in all of the ROK services.

Finally, with regard to the possibility that North Korea may possess a nuclear weapons capability, I can only say that this consideration has been factored into our planning for wartime operations in Korea. As has always been the case, the full range of U.S. military capabilities is available to support our deterrent and defense efforts in Korea and elsewhere. With these we can ensure that no adversary, including North Korea, can ever accrue any advantage from using weapons of mass destruction, including nuclear weapons, against the forces, people, or assets of the United States or its allies. While we do not know whether North Korea has a nuclear weapon capability, the Framework Agreement has certainly contained the growth of any such capability.

In summary, the United States and the Republic of Korea together maintain a security partnership and military capabilities to ensure that we need not be intimidated by North Korean threats or intransigence. This defense posture has provided a sturdy basis for our diplomatic efforts aimed at resolving questions of North Korea's nuclear status. It also provides positive incentives for the North to abandon its confrontational policies and move toward greater integration in the international community.

Whichever course the North pursues, the allies will sustain a defense posture appropriate to ensure the Republic of Korea's continued independence and integrity.

# # #
Dr. Edward L. (Ted) Warner was nominated by President Clinton to be Assistant Secretary of Defense for Strategy, and Requirements, Office of the Under Secretary of Defense (Policy) on March 30, 1993, and following confirmation by the United States Senate, was sworn into office on June 1, 1993.

Dr. Warner is the principal advisor to the Under Secretary of Defense (Policy) (USD(P)) and the Secretary of Defense on national security strategy and defense strategy; and on the resources, forces, and contingency plans necessary to implement that strategy. In this capacity he represents the Under Secretary of Defense (Policy) and the Secretary of Defense in interagency and international deliberations, works closely with the National Security Council Staff and the Joint Staff on strategy and force posture issues, and provides policy input to the military requirements process and the Defense Acquisition Board.

Dr. Warner was born in 1940 in Detroit, Michigan, and raised in Okemos, Michigan, where he graduated from high school in 1958. He attended the US Naval Academy, graduating in 1962 with a bachelor of science degree and was awarded a commission in the US Air Force. He earned master of arts and doctorate degrees in politics from Princeton University in 1967 and 1975 respectively. He completed Armed Forces Staff College in 1975 and the Defense Language Institute (Russian) in 1976.

He retired from the Air Force in 1982 after 20 years of service that included assignments as head of the staff group Office of the Chief of Staff, US Air Force, deputy chief of the strategy division, Headquarters, US Air Force, assistant air attaché in the US Embassy in Moscow, assistant professor of political science at the US Air Force Academy, and as an analyst of Soviet defense matters in the Office of Strategic Research, Central Intelligence Agency.

As a senior defense analyst with the RAND Corporation in Washington, DC, from 1982 to 1993, he conducted studies on American national security policy and the defense and foreign policies of Russia and other successor states of the former Soviet Union, and East-West arms control issues. Dr. Warner most recently analyzed the design and conduct of theater air campaigns, with particular emphasis on the timely direction of air assets to attack critical targets. The results of these studies have been published in a variety of articles, books, and RAND reports.

Dr. Warner has taught graduate seminars on Soviet defense and arms control policy at George Washington University, Johns Hopkins School of Advanced International Studies, Princeton University, and Columbia University. He is a member of the Council on Foreign Relations and the Strategic Advisory Group to the Commander in Chief, US Strategic Command. He has served on the Military Advisory Panel to the National Intelligence Council, and the Political Consultative Group for the Office of Slavic and Eurasian Analysis, Central Intelligence Agency.

Dr. Warner and his wife, the former Pam Melton, reside in Reston, Virginia. They have two daughters Kelly and Erika.
PREPARED STATEMENT OF EDWIN J. FEULNER, JR., Ph.D., PRESIDENT, THE HERITAGE FOUNDATION

Mr. Chairman, Members of the Committee:

I applaud your decision to hold this hearing on the October 21 “Agreed Framework” with North Korea. It is my belief that this committee, now under new management, has the opportunity to provide leadership, as the Congress, the Administration, and our allies seek a path to peace on the Korean Peninsula. This is a vital American national security goal since our economic interests in the region are high and since Korea is the only place where large numbers of U.S. troops are in harm’s way.

Since its inception twenty two years ago, the Heritage Foundation has actively advocated American policies to promote peace and freedom on the Korean Peninsula. For more than twenty years I have traveled regularly to the Republic of Korea. Just last month, I visited Korea on what I believe was my 43rd visit. During that trip, I had the honor to meet again with President Kim Young Sam and Prime Minister Lee Hong Koo. Given the many questions raised both in Seoul and Washington about the Agreed Framework, I assured President Kim that the new Congress would extensively review the new nuclear accord with North Korea.

Judging by some media reports and Administration statements, one might conclude that the North Korean crisis is over. Many observers were eager last year to congratulate the Administration on its nuclear deal with North Korea, and the issue quickly faded from the front pages. In late January one could hear CNN reporters refer to the “nuclear issue that has been resolved.” Just last February 14—a week ago—as he took time to criticize the National Security Revitalization Act of the Contract for America, Defense Secretary William Perry said that the Agreed Framework had “stopped the North Korean Nuclear program in its tracks.”

I would suggest that the Secretary was premature in his assessment. Even the most optimistic estimates hold that we will wait at least a decade for the Agreed Framework to result in the dismantling of the visible portion of North Korea’s nuclear weapons facilities. If fully implemented, the October agreement can serve as a basis for real progress in ending North Korea’s nuclear threat. But we must also be mindful of North Korea’s consistent strategy of attempting to drive a wedge between the United States and South Korea, the agreement’s limitations, and the capacity of North Korea to manipulate and undermine the agreement. The agreement was not even four months old when, on Wednesday of last week, the North Koreans threatened to walk away from the accord rather than accept South Korean light-water nuclear reactors. To put it mildly, it may become necessary to adjust what appear to be inflated expectations of this agreement.

Real peace on the Korean Peninsula will depend on much more than a bilateral “framework” between Washington and Pyongyang. We must remain mindful that our wider interests in Korea and Asia are deeply affected by this agreement. But others, such as the 43 million citizens of our Republic of Korea ally, have even more at stake.

How this agreement could affect our alliance with South Korea is of fundamental importance. This agreement cannot succeed without Seoul’s cooperation, as well as our consistent recognition of Seoul’s interests as we proceed. Vital American security and economic interests are at stake, as well. We have 37,000 troops stationed in South Korea.
South Korea is now one of Asia’s most vibrant democracies and an increasingly important global partner for the United States. A South Korean, Dr. Kim Chulsu, is now a leading candidate to head the new World Trade Organization—a bid incidentally, that I believe deserves American support. Beyond the immediate safety of our citizens and soldiers, both Washington and Seoul know that tension reduction on the peninsula will go far to ensure peace in Northeast Asia. With that, Americans, Koreans, Japanese, Chinese, and Russians will continue to profit from Northeast Asia’s enormous economic potential.

But still an obstacle to such a promising future is North Korea’s insular, well armed and hostile regime. The December downing of an American helicopter which strayed into North Korean airspace and the resulting death of one serviceman and the lengthy detention of another, is but the most recent reminder that we have not achieved “peace in our time” with Pyongyang. The North still deploys a 1.1 million-man military against the South, designed not for defense but for a blitzkrieg operation to conquer its neighbor. The 13 million people of Seoul, plus many of our troops who are about as far away from North Korea’s artillery as we are now from Baltimore, are in a constant state of danger. North Korea’s record of terrorism has been reviewed numerous times before this committee. Last year, the North’s long-time dictator Kim Il Sung died, yet the new leadership structure remains unknown. North Korea is a country shrouded in secrecy and well known for unpredictability and violent acts.

Recognizing the danger posed by North Korea’s plutonium reprocessing, the Bush Administration addressed the challenge frontally, initiating a series of integrated policy moves which produced considerable progress before the November 1992 elections froze these effects. The Bush Administration worked closely with our allies in Seoul and Tokyo, not only to address the nuclear issue, but to advance North-South reconciliation. Our efforts encouraged talks between North and South Korea that resulted in two landmark agreements on denuclearization and reconciliation in December 1991. The former specified that both North and South Korea would possess no nuclear weapons or plutonium reprocessing facilities, and provided for North-South mutual inspections. The latter agreement called for sweeping political, economic, and social confidence-building steps. The enthusiasm with which these agreements were greeted recalls the enthusiasm of last October. However, neither of the 1991 agreements has been implemented because of North Korean intransigence.

It should be recalled that Pyongyang signed the Nuclear Non-Proliferation Treaty in 1985, but subsequently refused inspections stipulated by the treaty. The Bush Administration did, however, pressure Pyongyang into allowing the first-ever inspections by the International Atomic Energy Agency (IAEA) in 1992. Those inspections revealed that North Korea had very likely produced significant amounts of weapons-grade nuclear fuel. Suspecting serious violations of the NPT, the IAEA called for special inspections of two suspect sites in February 1993. Pyongyang’s response the following month was to announce its intention to withdraw from the NPT. North-South talks also have been stalled since this period.

A slow-building crisis atmosphere ensued and led to the Agreed Framework of last October. To reach this agreement, however, the Administration abandoned a bipartisan principle of U.S. policy it had previously accepted from the Bush Administration. This core principle was that there would be no improvement in U.S.-
North Korean relations until Pyongyang satisfied all of its commitments to the International Atomic Energy Agency and to Seoul.

For example, one might inquire what Assistant Secretary of State Robert Gallucci meant when he said in September 1994,

"I wish to leave no ambiguity on the point that there will be no overall settlement...no provision of light water reactors, until the question of special inspections is settled."

(Seattle Post-Intelligencer, September 9, 1994)

As we now know, these special inspections that the IAEA has requested for two years will not take place until elements of the light-water reactors are in place--a process that will take at least five more years.

Was there an alternative to abandoning this principle of full transparency? I believe there was. In June last year, my colleague, Daryl M. Plunk of The Heritage Foundation issued a paper that called for a more modest though fair "package deal" that would have linked reasonable political and economic rewards to Pyongyang's full compliance with the IAEA demands and with the 1991 North-South denuclearization agreement. But instead of demanding full North Korean nuclear transparency, the Administration instead decided to grant the North rewards including relaxed trade rules, exchange of liaison offices, a half-billion dollars worth of fuel oil, and a multi-billion dollar nuclear power plant project well before transparency is established.

There are three other aspects of the Agreed Framework that I call to the Committee's attention.

I wonder about the legal and political standing of an "Agreed Framework." It is not a treaty and it is not an executive agreement. What is the precise status of what the Administration signed last October?

Second, there is the issue of the October 20 letter that President Clinton sent to "His Excellency Kim Jong II, Supreme Leader of the Democratic People's Republic of Korea." In it, the President says that, in the event that this reactor project is not completed or alternative fuel is not provided, for reasons "beyond the control of the DPRK," he will "use the full powers" of his office to provide the reactors and fuel, "subject to the approval of the U.S. Congress." If the Administration is not able to arrange for multinational funding for the promised reactors and fuel, what is the potential liability to the American taxpayers?

Third, is the issue of North Korea's present ability to build nuclear weapons. The Agreed Framework does not provide for obtaining North Korea's previously-produced weapons-grade plutonium. Both the IAEA and our own CIA have repeatedly said that it could provide the basis for one or two nuclear weapons. Other sources have placed this capability significantly higher. This capability may not present a broad strategic threat to the United States, but it could pose a very potent threat to South Korea and to the nations of the region. It is quite possible that, while reaping generous benefits from the agreement, the North is at this very moment building nuclear bombs.
It is my assessment that Seoul, despite its public support for the Agreed Framework, remains troubled, especially by the last point I mentioned. In addition, Seoul remains legitimately concerned that Pyongyang is actively seeking to use the agreement to pressure Washington into concessions that are aimed at isolating South Korea or at least putting distance between Seoul and its U.S. ally. This is the goal of Pyongyang’s April 1994 demand that the Military Armistice Commission that manages the 1953 Armistice Agreement be replaced by a bilateral U.S.-North Korean peace treaty. It is also the goal of Pyongyang’s repeated refusal to accept South Korean light-water reactors, even though Seoul will be paying most of the bill. I remind the Committee that the Administration has assured us in the past that the North agreed to South Korean technology. This is yet another instance of North Korea reneging on its promises.

Mr. Chairman, the October deal was not the best deal that United States could have achieved. It is my hope that its defects will be fully investigated by this Committee and other Committees in both houses of the Congress.

I do not want to suggest, however, that the agreement be abandoned. We only have one President and one Secretary of State at a time. Instead, I would like to suggest that the Congress can take a leadership role in strengthening the implementation of this agreement.

A lasting peace for Korea cannot be achieved solely through agreements between Washington and Pyongyang. The key to lasting peace is North-South dialogue. The Congress can promote this by focusing on the principle requirement for a real progress on the Korean Peninsula: North Korea’s entering into a genuine and productive dialogue with South Korea. Section Three of the October agreement obligates North Korea to resume this dialogue. But we can surely expect Pyongyang will make every effort to avoid this requirement indefinitely. In fact, it gives every indication that this is its intention.

This must not be the case. Congress can and should speak strongly to this part of the agreement and in that process help the Administration restore a balance to it goals.

To do this, Congress should pass a joint resolution expressing its view that future funding and political support for the Agreed Framework be heavily dependent upon steady progress in improved North-South relations. Easing the nuclear crisis is not enough. American interests are best served by more sweeping tension reduction steps. This is the principle embraced in a resolution that has been introduced in both the House and the Senate (H.Con. Res. 19 and S. Con. Res. 4) and I urge this Committee to consider this important initiative. It is important to note that this carefully crafted bill works within the requirements of the Agreed Framework, and does not amend it.

Passage of this Joint Resolution will advance the cause of peace in three ways:

First, it will put North Korea on notice that it must take real and substantial steps to reduce tensions with South Korea.

Second, passage of the Joint Resolution send a much needed message of support to our ally, South Korea.

Third, the Joint Resolution will encourage the Administration to move beyond the narrow pursuit of non-proliferation goals to a broader agenda that advances a resumption of a productive North-South dialogue and long overdue tension reduction.
This, I would suggest, offers the best chance for securing an enduring peace on the Korean Peninsula.

In closing I would like to share with the Committee what a former senior government official of the Republic of Korea wrote me in a private letter dated February 20 following a visit to Washington and New York:

“To be frank with you I was quite disturbed to find that there seems to be an unmistakable trend among the people in and out of the Administration to de-link implementation of U.S.-North Korea accord from the progress of North-South dialogue. As you would agree, there is a great danger in this approach and this will be the most thorny point between U.S.-Korea relations for some time.

Certainly the resolution in the Congress urging linkage between the two tracks will be of great significance in correcting the Administration’s course toward a more desirable direction.”

Thank you, Mr. Chairman.
EDWIN J. FEULNER, JR., Ph.D.

Edwin J. Feulner, Jr. is the President of The Heritage Foundation. In 1989 President Reagan conferred the Presidential Citizens Medal on him as "a leader of the conservative movement." The citation continues: "By building an organization dedicated to ideas and their consequences, he has helped to shape the policy of our Government. His has been a voice of reason and values in service to his country and the cause of freedom around the world."

Feulner also serves as Chairman of the Institute for European Defense and Strategic Studies in London; Treasurer and Trustee of The Mont Pelerin Society; Director of the Board of Sequoia National Bank; a Trustee of Regis University; and of St. James School. He is a past president of various organizations including The Philadelphia Society, and past chairman of the Intercollegiate Studies Institute.

Dr. Feulner has studied at the University of Edinburgh (Ph.D.), the London School of Economics (Richard M. Weaver Fellow), the Wharton School of the University of Pennsylvania (MBA), Georgetown University, and Regis University (BS). He has received honorary degrees from Nichols College, Bellevue College, Gonzaga University, Universidad Francisco Marroquin (Guatemala), and Hanyang University (Korea).

Feulner is the immediate past Chairman of the U.S. Advisory Commission on Public Diplomacy (1982-91). In 1987, at the request of Howard Baker, the White House Chief of Staff, he was appointed a Consultant for Domestic Policy to President Reagan. He formerly served as a consultant to White House Counsellor Edwin Meese and as an advisor to other government departments and agencies. He is a current member of the United States Commission on Improving the Effectiveness of the United Nations and a former member of the President's Commission on White House Fellows (1981-83), of the Secretary of State's UNESCO Review Observation Panel (1985-89), and of the Carlucchi Commission on Foreign Aid (1983).

Dr. Feulner formerly served as the Executive Director of the Republican Study Committee in the U.S. House of Representatives, and the Confidential Assistant to Secretary of Defense Melvin R. Laird, as Administrative Assistant to U.S. Congressman Philip M. Crane (R-Illinois), and as a Public Affairs Fellow at the Hoover Institution at Stanford University and the Center for Strategic and International Studies at Georgetown University.

He is the author of several books: Conservatives Stalk The House (1983), and Looking Back (1981). He is also the author of a monograph entitled Congress and the New International Economic Order, editor of U.S. - Japan Mutual Security: The Next Twenty Years, China - The Turning Point, and a contributor to ten other books and numerous journals, reviews and magazines. He is the Publisher of Policy Review, and articles by him have appeared in Human Events, Chicago Tribune, New York Times, Los Angeles Times, Washington Post, Washington Times and other major newspapers. His weekly syndicated column has won several Freedom's Foundation Awards and appears in more than 500 newspapers.

In 1982, he served as a United States Representative to the United Nations Second Special Session on Disarmament where he delivered the final United States address to the General Assembly. During the transition from the Carter Administration to the Reagan Administration, Feulner served as a member of the Executive Committee of the Presidential Transition, and chaired the foreign aid transition task force. He is actively involved in various aspects of foreign policy, particularly international communications policy and economic policy, and has served on the United States delegations to several meetings of the IMF/World Bank group.

On a personal note, he is married to Linda Claire Leventhal. The Feunlers have two children, Edwin J. III, a senior at Regis College and Emily, a junior at Lynchburg College. The Feunlers live in the Belle Haven section of Alexandria, Virginia. Dr. Feulner is listed in standard reference works including the current edition of Who's Who in America.
U.S. POLICY AND KOREA: FROM THE NUCLEAR ACCORD TO A STRATEGY FOR THE ENDGAME

Testimony of Robert A. Manning
Senior Fellow, Progressive Policy Institute

Before the

Committee on International Relations
Subcommittee on Asia and the Pacific, and
Subcommittee on International Economic Policy and Trade

U.S. House of Representatives

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U.S. POLICY AND KOREA: FROM THE NUCLEAR ACCORD TO A STRATEGY FOR THE ENDCASE

Robert A. Manning

Praised by its supporters as ending the nuclear threat and criticized by skeptics as a 'sweetheart' deal that gives too much to Pyongyang and gets too little in return, the October 21, 1994 "Agreed Framework" negotiated between the United States and North Korea continues to stir controversy. This accord, aimed at halting the North Korean nuclear weapons program affects vital American national interests in perhaps the most dangerous flashpoint in the world, the heavily-armed and divided Korean Peninsula. The stakes are extremely high both in terms of consequences for stability in Northeast Asia and for the global nonproliferation system.

Four months after the signing of the "Agreed Framework" it is premature to judge the accord either a success or a failure: any denouement is at least five years away. The verified freeze of North Korea's nuclear weapons program, particularly Pyongyang's cooperation on the fate of its fuel rods has exceeded expectations, yet Pyongyang's reluctance to deal constructively with Seoul evokes familiar images of North Korean truculence and imperils the entire accord.

The largest questions, however, concern less the details of the accord than the credibility of both parties and what is not in the accord. But events in the interim period reveal a disconcerting, improvisational "seat-of-the-pants" quality to U.S. policy and make it possible now to discern some of potential flaws and problems in its implementation flowing from its ambiguities.

Four key questions immediately come to mind:

- is it a breach of US-DPRK understandings, if as already suspected, Pyongyang diverts the heavy oil for uses other than heating or electricity production, despite the fact this is not specifically prohibited in the agreed framework;

- why is North Korea objecting to South Korea supplying the Light Water Reactors (LWRs) when it had orally agreed to accept this reality in the course of negotiations prior to October 21, 1994;

- why, after some eighteen months of regular consultations with South Korea and Japan is there such a complete absence of any detailed blueprint or even schemata for the nascent Korea Energy Development Organization (KEDO), from apportionment of financial responsibilities to ideas about the power grid required;

- why is there no apparent strategy on the part of either the U.S. or South Korea to place the nuclear accord into a larger framework to address the
fundamental problems of the military standoff, North-South political stalemate and other core concerns such as missile exports, and chemical weapons; and has the U.S. squandered leverage in these other areas by defining the problem merely as one of nuclear proliferation?

While the complex and sometimes vague details of the agreement do require careful scrutiny, the debate largely misses the point. The nuclear issue is only a symptom of a larger problem: it is a subset of the question of the U.S. policy towards the Korean Peninsula. It is an important step forward, but only the beginning, not the culmination of a Korea strategy. Thus, any assessment of this accord must place it in this larger context. The challenge ahead is not merely implementation of the nuclear accord, but building on it to reduce tensions and facilitate the North-South reconciliation process.

The starting point must be a recognition that there is no solution that will result in 100% certainty. As was dramatized by the case of Iraq, we simply don't know what we don't know. Short of a war and occupation, even the best verification procedures will have a margin of error. At the same time, we must be clear and firm about what North Korean actions will be considered deal breakers and hold them to it. The measure of any policy is its ability to result in benefits to American interests that justify its costs. In regard to this nuclear agreement, and indeed, larger policy issues towards North Korea, one must also recognize that there are some problems for which there are no good policy answers, only least bad choices. Policy towards North Korea is one of them.

Secondly, it would be a grave mistake to focus on the nuclear issue solely as a matter of proliferation. While there is an important global proliferation aspect to the problem, from a policy perspective, it must at the same time be addressed as part of a larger problem of security on the Korean Peninsula, in Northeast Asia, and more broadly, of the peaceful reunification of Korea. For North Korea, it may be an admission ticket to the community of nations. For the international community, it is a calculated bargain aimed at enhancing the prospects for managing a peaceful reunification of Korea while eliminating the threat of nuclear proliferation.

The Nuclear Accord

Nonetheless, the October 21st "agreed framework." must also be judged on its own terms: do its benefits outweigh its costs, and what is the alternative? There is understandable frustration and legitimate concern that the key issue of Pyongyang's past nuclear activities will be deferred for some five years, and at the amount of heavy oil to be provided gratis. This, not to mention the financing and construction of the LWRs.

But if the agreement is faithfully implemented, not only will it end North
Korea's nuclear weapons program, but it will also set new standards of nonproliferation norms, and perhaps most importantly, open the possibility of a peaceful reunification process. Moreover, the accord is in essence, a reciprocal trust and confidence-building process, which, if successfully implemented would establish some bona fides on the part of Pyongyang. If successful, this agreement is likely to have a 'can opener' effect, lifting the lid on the most hermetically sealed society on earth.

Indeed, however steep the price, the accord has produced some immediate results. The International Atomic Energy Agency (IAEA) has verified that North Korean nuclear program is now frozen and shut down: the reprocessing facility is sealed; its 5mgwt reactor at Yongbyon reactor stopped; the fuel rods from the defueling of that reactor are under IAEA monitoring; construction of two other known reactors, 50mgwt and 200mgwt has ceased; the IAEA is on the ground and monitoring all declared nuclear facilities. Pyongyang has agreed to ultimately ship the fuel rods outside the country and in the first four months after the accord, it fully cooperated with U.S. technical teams working to prevent the degradation of the fuel rods stored in a cooling pond. North Korea has agreed to dismantle all these facilities in a phased manner upon completion of the LWR's.

The price of this cooperation is a U.S. commitment to arrange for an international consortium, the Korean Energy Development Organization (KEDO) financed largely by South Korea and Japan, to construct two light water reactors (LWR's) to generate approximately 2000 MW(e) of electricity by a target date of 2003. In addition, the U.S. will also make arrangements to supply heavy oil, beginning in January 1995, 50,000 tons the first year, 100,000 the second year, and then 500,000 tons annually purportedly to compensate the DPRK for energy production lost as a consequence of abandoning its gas graphite reactors. Moreover, the U.S. is committed to "reduce barriers to trade and investment" within three months, and exchange liaison offices. The U.S. will also provide security assurances against the threat or use of nuclear weapons against North Korea.

But the agreed framework allows North Korea to defer permitting the IAEA to clarify its nuclear past—how much plutonium it acquired or if it has nuclear weapons. The agreement stipulates, "before delivery of key nuclear components, the DPRK will come into full compliance" with its IAEA safeguards obligations, allowing the IAEA to take "all steps deemed necessary by the IAEA" to determine its past nuclear activities. Thus, for some five years, North Korea will remain technically out of compliance with the IAEA, and the international community will continue to live with ambiguity about its nuclear capabilities, which could be clandestinely developed, as was the case in Iraq even under IAEA scrutiny. During this period all the elements of North Korea's nuclear program will remain in place.

It should be noted that the ability of the executive branch to conclude a US-
DPRK Nuclear Cooperation Agreement as mentioned in the Agreed Framework is precluded by law until North Korea is in compliance with full-scope IAEA safeguards. As some of the nuclear technology that KEDO would provide North Korea will require U.S. licensing, such a cooperation agreement will be a prerequisite for completion of the LWRs. In addition, it is my understanding that the U.S. security assurances offered to North Korea are only operative if the North is in full compliance with the NPT.

Beyond the U.S.-North Korean dimension of the agreement, Pyongyang has pledged to "consistently take steps" to implement the North-South Joint Declaration on the Denuclearization of the Korean Peninsula and to engage in North-South dialogue. But the accord provides no direct conditionality between implementation of the agreed framework and active North-South reconciliation as set out in the December 1991 "Agreement on Reconciliation, Nonaggression, Exchanges and Cooperation between the South and the North." It should be noted that this set of agreements is not at all mentioned in the U.S.-DPRK agreed framework. Pyongyang is not obliged to do more than talk to Seoul. Nonetheless, it is difficult to reconcile the behavior of North Korea towards the South since the accord was signed with Section III of the Agreed Framework.

North-South dialogue has been stalemated for more than a year. Unless there is a transformation in the psychology and political atmosphere of North-South relations it is difficult to envision the nuclear accord being implemented, as it requires Seoul to be the central actor in financing and constructing the LWR's, and the North to cooperate. This is now the most precarious aspect of the accord.

Is The Deal Viable, Does it Make Sense?

Is the United States better off with this deal or without it? If shutting down North Korean nuclear program and fostering a process that will, if implemented, lead to the dismantlement of the entire strategic nuclear weapons program is a significant policy goal, then this agreement is an important, if tenuous step in this direction. But North Korea's horrendous track record, not only in lying and cheating about its nuclear activities, but its flaunting of international norms on missiles, chemical weapons, and in the past, on terrorism, raise serious questions about the North as an interlocutor. This is mitigated, however, by the "mistrust, but verify" structure of the agreed framework under which they will be rewarded only as they demonstrate cooperation at each step along the road to implementation.

While the benefits of the agreed framework to both sides are tangible and immediate, they are also easily reversible: the U.S. could rapidly halt oil shipments, reimpose a trade embargo and close down a liaison office; similarly, North Korea could reprocess the fuel rods, resume construction on the two larger reactors, refuel the 5mgwt reactor and reprocess on short notice. Indeed, Pyongyang could do all
these things under IAEA verification. But should they renege on their commitments, the long term benefits provided for in the agreement—nuclear power, a U.S. embassy, and implicitly, foreign economic engagement would all evaporate. They would have gained some concrete structures and turbines of little use. And confrontation with the international community would ensue. Moreover, an economy which has seen negative growth of -5% annually for each of the past four years would forfeit the prospect of foreign economic involvement which many members of the North Korean political elite appear to recognize is essential if it is to have any future.

Apart from the reversibility of the deal, there are a host of other shortcomings. The world must live with the possibility that the DPRK has a nuclear capability for an extended period. Concrete progress in North-South dialogue is only implied, not made a precondition. Moreover, there is no explicit linkage to other security issues of concern: its ballistic missile program; its chemical weapons program; a possible biological weapons program. And most importantly, there is no apparent connection between the Agreed Framework and the North Korean conventional military threat which remains ominous.

Most troubling is not the substance of the agreed framework itself, but the apparent lack of a larger strategy for reducing the conflict on the Korean Peninsula and fostering a genuine inter-Korean reconciliation process. The effect if not the intent of the agreement is a strategic choice: the U.S. has chosen to avoid confrontation, a path likely to result in armed conflict, and opted for a cooperative, or "bail-out" strategy. South Korea, Japan, and China have all publicly endorsed this approach.

But embarking on a fullblown course of aid, trade and investment without reducing the North Korean conventional threat of a one million man army, with two-thirds deployed with some 8000 artillery tubes and rocket launchers within 100 kms of the DMZ is a dangerous folly that is simply not justifiable. Implicit in the Agreed Framework is a North Korean willingness pursue at least a limited opening of its autarchic economy, and a new pattern of expanding economic engagement on the part of South Korea and Japan, who are projected to be the key funders of the KEDO which will provide the LWRs to North Korea. Already, the Kim Young Sam administration in Seoul has altered its policy, and announced it will allow Korean business more access and direct investment in North Korea. A host of South Korean firms have been to North Korea to discuss investment possibilities since last October.

But such a course runs the risk of merely strengthening an enfeebled regime and increasing the threat to South Korea and to U.S. forces stationed there unless the political/economic engagement option is linked to a well-conceived strategy for reducing the conventional military threat as part of the North-South reconciliation process as outlined below. An initial phase of modest economic activity is a reasonable course to pursue to show good faith and test the waters. However, Korean,
Japanese and U.S. investment should be limited largely to services, mineral extraction and light assembly in this phase. But before it gains momentum to the point where substantial technology transfer and long-term direct investment occur, there should be a reduction of the North Korean conventional military threat.

As does the nuclear accord, such a strategy would test North Korean intentions: if Pyongyang is serious about opening up and joining the global economy, it is in its own interest to reduce its perceived military threat and its enormous military burden, some 25% or more of its GDP. This should guide U.S. relations with Pyongyang in terms of relaxing the embargo and opening a liaison -- both events of largely symbolic importance. The administration should be forthcoming on these issues, but closely guard the other items valued by Pyongyang.

Nonetheless, one cannot ignore critics of the agreed framework who charge or imply that either this is a fatally flawed agreement with ominous implications for the nonproliferation regime or that North Korea is a rogue state that should, in effect, be isolated and squeezed until it implodes unless it immediately satisfies all of our policy concerns. Those who define Pyongyang as too odious to deal with are guilty of what I have called "the toughness fallacy." Those demanding either instant gratification of all policy concerns (an unrealistic demand certain to be rejected) or an overt course of confrontation must follow their own logic to its conclusion: such a course requires being prepared to fight and win a second Korean war as it would make war a relatively rationale choice for a Pyongyang regime for whom such a policy could easily be construed as a threat to its existence. Just because Pyongyang may be paranoid does not necessarily mean it doesn't have enemies.

This would be true even if the U.S. intent of say, a pre-emptive strike, as some have proposed, was merely to eliminate its known reprocessing capability. It should be recalled that Israel's remarkably precise bombing of Iraq's Osirak reactor, did not end Baghdad's nuclear weapons program. The history of dealing with North Korea, particularly over the past five years, suggests that Pyongyang's least likely response when pressed into a corner is to make the concessions demanded; the most likely response is to lash out in a paroxysm of national pride.

Flawed Nonproliferation Theology

Another school of critics opposes the agreed framework on the grounds that it sets a dangerous precedent by rewarding violations of the Nuclear Non-Proliferation Treaty (NPT), and thus will encourage other potential proliferators such as Iran. While the NPT is an important instrument codifying nonproliferation norms, in the real world each case of proliferation must be, and has been, addressed or ignored on its own merits and within the limits of political-military realities. All proliferation has not been treated as equal. The international community did not sanction South
Africa or Israel as they attained opaque nuclear status, nor have India or Pakistan been dealt with as pariah states. While it is true that these proliferators were not party to the NPT, their undeclared nuclear capabilities are no less a reality. Moreover, U.S. financial inducements and security assurances to Ukraine and Kazakhstan to gain their respective compliance to with non-nuclear norms contained a similar logic to the "Agreed Framework."

But the North Korean case may be unique in several respects. The likelihood of export of nuclear material or technology to other rogue states, particularly in the Middle East, the fears of triggering a nuclear arms race in Northeast Asia, the fact of a heavily military standoff across the Demilitarized Zone (DMZ) just a stone's throw from the suburbs of Greater Seoul, and the reality of 37,000 U.S. troops in South Korea are all factors which must be weighed addressing the particular challenge of North Korea's nuclear program.

Nonetheless, there is no doubt that the Agreed Framework, an accord reached on the eve of the NPT Review conference scheduled to occur this April, will have a significant impact on the nonproliferation system, albeit one that is mixed. On the plus side of the ledger, trading in its gas-graphite reactors, both operational and planned, shutting down its reprocessing facilities, and agreeing not to reprocess the 8000 fuel rods from the defueled reactor all transcend current nonproliferation norms. Under the NPT Pyongyang could acquire the dozens of bombs worth of plutonium that the two reactors under construction would have produced, and it could also legally complete its reprocessing plant and separate the plutonium from the fuel rods (which could produce some four to five bombs worth of plutonium) under IAEA inspection.

Moreover, the controversial "special inspection" of the two undeclared suspected nuclear waste sites is not standard IAEA procedure. While the IAEA has the statutory authority to request inspections of undeclared nuclear facilities, only on rare occasions has it done so. It was only after 500,000 U.S. troops were deployed and defeated Saddam Hussein's forces that more intrusive inspections were possible in the case of Iraq. While it is deeply frustrating and unfortunate that the IAEA's ability to obtain compliance by North Korea of the full scope of its past nuclear activities will be deferred for five or more years under the agreed framework, even this also could arguably be construed as a small step forward in terms of proliferation norms. Moreover, the administration should treat the timeframe envisioned in the Agreed Framework as a ceiling not a floor: if the nuclear accord serves as a catalyst for the creation of a climate of cooperation in economic and other spheres, the administration should quietly, but firmly pursue the possibility of Pyongyang permitting the IAEA to clear up its past behavior sooner.

It is not possible to know if a better deal was attainable without obtaining access to the negotiating record and to the 'confidential minute' spelling out in more
detail the precise agreements and implementation understandings outlined in sometimes vague language in the agreed framework. The difficulties of managing the nuclear issue under any circumstances should be apparent from a even cursory glance at the history of this issue.

The idea of a diplomatic opening to North Korea began during the Reagan administration in 1988. The effort to end North Korea's nuclear weapons program began during the previous administration. The broad concept behind current policy—allowing the DPRK to trade its nuclear program for economic and political engagement with South Korea, the U.S. and wider international community—was inherited from the Bush administration. Indeed, it was the success of the previous administration— in pressing the North to reach a safeguards agreement and let the IAEA in, in facilitating unprecedented North-South agreements in tandem with expanding US. diplomacy with Pyongyang, in providing the IAEA with information that allowed to catch the North cheating-- that precipitated the crisis in early 1993. This is what the Clinton administration inherited.

But the history of the Clinton administration's handling of the North Korean issue does not inspire confidence. Over some seventeen months of diplomacy, we witnessed a sad spectacle of mixed signals sent in contradictory statements by senior officials, inept policy management as the administration lurched to respond tactically to one DPRK provocation to the next, and misplaced priorities resulting in a lack of focus. To wit: while the confrontation over the IAEA request to inspect the two undeclared, suspected nuclear waste sites had been building since the fall of 1992, not until June 1993, three months after North Korea threatened to become the first member state ever to withdraw from the NPT was there any policy-level contact between the U.S. and North Korea. Until last August, U.S. policy was incremental and reactive with no larger strategy visible: persuading North Korea to stay in the NPT; to allow continuity of IAEA safeguards; to allow IAEA inspectors to remain in North Korea.

The contradictions in the administration's policy reached their apex last June. After North Korea removed its reactor core without IAEA monitoring in April, the U.S. launched a campaign to mobilize the international community to apply UN Security Council sanctions against Pyongyang. It must be noted that this drive for sanctions occurred before any package deal had been offered to North Korea. The U.S. had not answered in precise terms the one question to which Pyongyang deserved a clear and exact answer: if we trade in our nuclear program, what exactly do we get for it? The administration spent considerable political capital with our key strategic allies, Japan and South Korea in the process.

Yet at the very moment the administration was about to impose sanctions, a private U.S. citizen, former President Jimmy Carter was singlehandedly reversing U.S. policy. A substantial loss of the administration's credibility both at home and
abroad was the price for altering a course likely to lead to conflict, perhaps unnecessarily. Indeed, as a consequence success in obtaining UN sanctions against North Korea if the accord unravels is highly problematic.

A Strategy for the Endgame

The point of this brief analysis of the evolution of U.S. policy is to glean lessons for the future. On balance, the agreed framework is worth pursuing. There is no clear alternative. But it is unlikely to succeed, or advance U.S. national interests unless it is subordinated to a more comprehensive policy towards the Korean Peninsula and Northeast Asia. As discussed above, the effect of the nuclear accord is strategic choice to "bail out" North Korea, to seek a "soft landing" and a gradual, peaceful reunification process. But there is no indication of a larger strategy to achieve this. Indeed, there is a danger, as previously discussed, that absent a framework for addressing other security and political issues of concern, particularly the conventional military threat, this policy could have the unintended consequence of bolstering an adversary.

There remains a need for President Clinton to name a Special Ambassador for Korea and Northeast Asia. Ambassador Robert Galucci is an exceptionally able diplomat, but just working out the many technical details to implement the Agreed Framework is more than a fulltime job. Absent a new foreign policy team with more Asia capability and expertise, the President should name a prominent American with bipartisan support with broad experience in the region and with a solid reputation amongst our allies.

To conceive and implement the 'roadmap' of next steps for the endgame discussed below requires another "point person" both to improve the consultation process and to advance the following agenda:

1. Congress should insist on strict enforcement of the agreed framework. If North Korea seeks to revise the agreement, the administration should not reopen the talks. A deal's a deal. Certain North Korean behaviors should be considered "dealbreakers" leading back to UN sanctions: 1) it reprocesses the fuel rods; 2) if it refuses to cooperate fully with IAEA monitoring of all declared facilities; 3) if it refuels its 5mgwt reactor; if it reopens its reprocessing facility; 4) if it resumes construction of its two new reactors; 5) if it is revealed to have more plutonium than declared and refuses to place such material under IAEA safeguards; 6) if it is revealed to have nuclear weapons and does not dismantle them and place all nuclear material under IAEA safeguards

2. In consultation first with South Korea and then with Japan, the U.S. must devise a trilateral strategy based on a consensus that movement on economic and political engagement with Pyongyang should be phased to coincide with
movement on other agreed issues of concern, with priority given to conventional arms reductions, ballistic missile exports, and chemical weapons. The centerpiece of this process should be active North-South reconciliation. The administration should explore with our allies the creation of a Korean Reconstruction fund as a window of the World Bank as part of the incentive structure for North Korea.

• 3. Limit Korean, Japanese and U.S. business contacts to an initial phase of increased trade and investment in services, light mineral, light assembly industry. A second phase of large-scale aid and direct investment, expanded U.S. and Japanese movement towards normalization of relations, admission to multilateral lending agencies such as the IMF/World Bank and Asian Development Bank, and discussion of turning the UN armistice into a peace treaty should be linked to DPRK adherence to the Missile Technology control Regime, signing the Chemical Weapons convention (CWC)—here the U.S. could offer to help dispose of any chemical weapons possessed by Pyongyang—and active negotiations on confidence-building measures such as a retreat of forces from the DMZ and a CFE-like conventional force reduction accord within the Military Commission provided for in the 1991 framework for North-South reconciliation and cooperation. The U.S. Korea and/or Japan could offer to build new housing for demobilized North Korean soldiers.

• 4. As part of the initial phase, the U.S. should move quickly to unfreeze some $15 million in North Korean funds in the U.S., exchange liaison offices with North Korea, relax the trade embargo against North Korea, offer technical business help, perhaps mobilizing Korean-American volunteers, and offer telecommunications links, including a CNN downlink. Any steps which open up the most hermetically sealed society on Earth is in the U.S. interest; it is not a concession or favor to North Korea.

Flexibility on these largely symbolic steps would give the administration the political high ground at little substantive cost, while withholding what remains of real leverage in the key things the North wants: full normalization with the U.S. and Japan, large scale foreign investment, a peace treaty, access to multilateral development banks -- until progress on key U.S. goals such as reducing the conventional threat, ending missile sales, greater North-South reconciliation.

• 5. Thus, full normalization of U.S.-DPRK relations should be carefully phased with North Korean cooperation on a prioritized set of issues of concern: m conventional force reductions or a pullback 100 miles from the DMZ, missiles, chemical weapons, and a regularized process to handle MIA's from the Korean War ending the current macabre extortion.

• 6. Establish a six-party Northeast Asia political/security framework with the
two Korea, the U.S., Japan, China and Russia, as Seoul has proposed, initially to: a) explore ways to reduce tensions and facilitate reconciliation (e.g. revise the armistice to create a "checkpoint Charlie" for crossborder traffic, or security assurances such as No First Use of nuclear weapons or weapons of mass destruction; b) endorse/guarantee a peace treaty and/or a denuclearized peninsula; c) discuss creation of an Asian counterpart to EURATOM, an ASIATOM to expand regional nuclear cooperation; d) discuss development of the Tumen River Basin and the Sea of Japan. The agenda for such a framework must be carefully designed to reflect consensus among all six parties if it is to be constructive. Parties should meet regularly at senior levels. this undertaking is part of the rationale for appointing a Special Ambassador.

Conclusion

Such a roadmap offers the best prospect of creating the possibility of a peaceful reconciliation process, re-establishing the confidence and credibility of our allies, and importantly, putting North-South reconciliation at the center of U.S. policy towards the Korean Peninsula. Such an approach also would continue to test North Korean intentions and provide an incentive structure in the interests of all concerned parties. The agreed framework for managing the nuclear issue would then be but one, albeit very important, component of this larger regional policy.

Since the October 21st agreement, Pyongyang has complied with its commitments, not withstanding some cantankerous posturing creating negative atmospherics. The U.S. should be careful to reciprocate, and reward positive behavior with the largely symbolic steps suggested above, not get into exchanges of overheated rhetoric.

North Korea's fixation in dealing with the U.S. has both a strategic and tactical dimension. Tactically, North Korea uses its dialogue with the U.S. to gain leverage over South Korea. Strategically, since the demise of the Soviet Union and China's normalization of relations with South Korea, Kim II Sung, and apparently the successor regime, views an opening to the U.S. as important to its security. This has been evident in recent years in North Korean comments to visiting private U.S. citizens, in official discussions, and in Kim II Sung's meetings with former President Carter. The new regime appears to view its agreement with the U.S. fledgling ties as an important source of political legitimacy.

But the U.S. must engage in some soul-searching discussions with South Korea aimed at finding new approaches to North-South dialogue. For if there is no breakthrough in North-South relations, not only would a broader Korea strategy be impossible, but the nuclear accord itself will unravel. After all, Seoul is to be the largest financier of the LWRs. Can South Korea be expected to make a $2 billion investment in the current North-South political climate? Nor can one envision
Pyongyang allowing the hundreds of engineers, technicians and construction workers from South Korea into the North to realize the LWR project without dramatic advances in the North-South reconciliation process.

Congressional skepticism about the nuclear accord is understandable. Winston Churchill once remarked that Americans, given our ingenuity and resourcefulness, would when faced with a difficult situation, invariably make the right choice... after exhausting all other alternatives. This is the story of the administration's Korea policy. The nuclear accord, however unsettling the process, appears to reflect a learning curve. Congressional action to alter or undo the agreement would be counterproductive to allied and U.S. interests. Instead, Congress should work with the administration to build on it, strictly enforce it, establish benchmarks for judging its implementation, and to fashion a consensus for a comprehensive approach to the difficult problem of the Korean Peninsula of which the nuclear issue is only one aspect.
RESUME

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including the Department of Defense and the intelligence community, writing of speeches,
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on Asian Affairs and Soviet policy towards Asia.

(20th Century Fund/Unwin Hyman, 1988)

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THE US-NORTH KOREA "AGREED FRAMEWORK"

TESTIMONY

OF

LEONARD S. SPECTOR

Carnegie Endowment for International Peace

I am the Director of the Carnegie Endowment’s Nuclear Non-Proliferation Project, which has staff and activities in Washington, D.C., and Moscow.

I greatly appreciate the opportunity to testify before the Committee concerning the October 21, 1994, Agreed Framework understanding on nuclear and related issues between the United States and Democratic People’s Republic of Korea.

Despite a number of important flaws, I believe this agreement represents an important step forward for U.S. efforts to eliminate the threat of North Korea’s acquiring nuclear arms.

Overview

Restrictions on North Korea. As a first step for assessing the accord, it should be appreciated that the extent to which it will constrain North Korea’s nuclear activities is quite extraordinary. Under the agreement:

• North Korea has agreed to freeze operations at, or construction of, every nuclear facility that is of concern to the United States because of its weapons potential, and this freeze is verified by the International Atomic Energy Agency (IAEA). The IAEA has indicated that North Korea is currently complying with this undertaking.

• North Korea has also agreed that it will not separate plutonium -- enough for four to five nuclear weapons -- from the spent fuel it removed last spring from the five-megawatt reactor at Yongbyon. Again, the IAEA has verified the status of the fuel, and discussions between North Korea and the United States indicate that the North is indeed ready to proceed with measures that will make reprocessing the material unnecessary.

• Pyongyang has also agreed that it will ship the spent fuel out of North Korea and that it will thereafter dismantle all facilities of proliferation concern to the United States, again under IAEA supervision.
With the exception of the involuntary denuclearization imposed on Iraq after the 1991 Gulf War, there has never been an international agreement that goes so far to eliminate an emergent nuclear weapons capability.

**Phasing of implementation.** A particular strength of the agreement lies in its phasing of the reciprocal obligations it contains. Stated succinctly, throughout the duration of the agreement the United States (and its friends) will be able to determine before they act whether Pyongyang is operating in good faith and is living up to its obligations under the accord.

Under the agreement, for example, we have just provided an initial 50,000 tons of heavy oil to North Korea to compensate it for its projected energy losses from the shut-down of the five-megawatt reactor at Yongbyon. But before we took this step, we were able to verify that they had, in fact, frozen their nuclear program.

We will shortly provide about $10 million in technical assistance for the long-term storage of the plutonium-bearing spent fuel from that reactor. But before we do so, we will know that the freeze is continuing and that the North is willing to store the material rather than reprocess it.

We must next arrange with South Korea and Japan for the sale to North Korea of the two LWRs and arrange with these two countries and other friends for increased shipments of heavy oil. But again, at each step of the way, we will know before whether the North is complying with its undertakings. Similarly, four to six years down the road, before we ship key components for the LWRs, the IAEA will have to be satisfied that all discrepancies are resolved concerning North Korea's initial inventory.

The phasing of the agreement from this point on will be based on the principle of "simultaneity" rather than on the "taking turns" approach, but the effect will be the same: we will not be expected to proceed with or complete an action on our side unless North Korea is proceeding with or completing a reciprocal action on its side.

Thus as we begin transferring key nuclear components, the North will have to begin shipping the spent fuel from the five-megawatt reactor at Yongbyon out of the country, and as we complete the first LWR, they must complete the transfer of all this material abroad. Thereafter, as our side supplies additional fuel for the first LWR and continues construction of the second one, the North must begin to dismantle its most sensitive nuclear facilities (the gas-graphite reactors, reprocessing plant, etc.), and as the second LWR is completed, this dismantling must also be finished.

These steps are outlined on the chart that I have appended at the end of my testimony, which highlights this phased approach.
At any stage along the way, if the North ceases to comply with its obligations, we will hold back further compliance from our end -- halting shipments of oil, transfers of nuclear goods, and construction of the LWRs -- while simultaneously using diplomatic and economic pressure to bring the North into conformity with its obligations.

At the worst, should the agreement break down at some point in future years, we and our friends will still have enjoyed a period of reassurance during which we could be confident that the DPRK was not rapidly enlarging its stockpile of separated plutonium, as it undoubtedly would have done in the absence of the Agreed Framework.

At best, we will enjoy such reassurance for many years and will ultimately see the dismantlement of a very dangerous nuclear-weapons program.

Flaws -- and Compensating Factors

The agreement is not without its drawbacks, however. The most serious is that it postpones the IAEA's ability to resolve uncertainties about the DPRK's past production of plutonium and, thus permits Pyongyang to retain whatever material it may now have, possibly enough for one or two nuclear devices. The agreement also fails to penalize the North for its bald refusal to permit the special inspections that the agency has sought since the fall of 1992 and for its blatant disregard of agency procedures during the May-June 1994 defueling of the five-megawatt reactor at Yongbyon.

There is no denying that these are unfortunate aspects of the Agreed Framework.

It is important, however, to realize that compliance with IAEA rules is not an end in itself. Rather it is a means to an end, namely that of retarding the spread of nuclear weapons. The Agreed Framework has weaknesses on the IAEA side of the ledger, but other non-proliferation restrictions that it imposes more than compensate for these.

In particular, the Agreed Framework's unusual restrictions on North Korea goes so far beyond the normal requirements of the Nuclear Non-Proliferation Treaty (NPT).

- Under the NPT, states are permitted to build and operate any type of nuclear plant, no matter if they are optimized for the production of material for nuclear weapons, as long as they are subject to inspection. But under the Agreed Framework, North Korea is required to freeze and then dismantle facilities that we believe are intended for weapons purposes.
- Under the NPT, states are permitted to separate and stockpile plutonium, again, as long as it is kept under IAEA safeguards. But under the Agreed Framework, the North has agreed not to reprocess spent fuel that it now possesses and to dismantle its reprocessing facility at Yongbyon.
As for the IAEA, although it is prevented from implementing special inspections for a number of years, it is given added responsibilities under the Agreed Framework that go well beyond its normal duties. Specifically, it is called upon to verify the freeze and dismantling called for by the agreement, as well as the shipment out of North Korea of existing stocks of spent fuel. Thus while the agreement deals a blow to the agency’s prestige in one respect, it bolsters the agency in other ways.

It should also be stressed that the IAEA has played a crucial role in creating the circumstances that led to the unusual restrictions on North Korea embodied in the Agreed Framework. It was the IAEA’s identification of discrepancies in North Korea’s initial inventory and the agency’s dogged pursuit of the matter that brought the issue to the United Nations. This led to the very real threat of economic sanctions that, in turn, ultimately brought Pyongyang to accept the extraordinary restrictions in the Agreed Framework. What we have seen is the agency successfully fulfilling its mission, serving as the trigger for a very powerful international response to a new threat of proliferation. Should similar circumstances arise in another instance, the country at issue -- looking back at the agency’s behavior in the case of North Korea -- would have added reason to fear that the agency would discover any activities violative of the IAEA/NPT system and that it would be able to galvanize a potent reaction from the international community.

Let me now attempt to address three recurrent questions about the Agreed Framework.

- Are the LWRs that will be provided to North Korea by South Korea and Japan more "proliferation resistant" than the gas-graphite reactors North Korea will be dismantling;
- Is the Agreed Framework a dangerous precedent; and
- Can the North Koreans be trusted?

**Are LWRs more "proliferation resistant" than the gas-graphite reactors?**

The answer is, "Yes." The LWRs North Korea will be receiving are considerably less likely to contribute to proliferation than the gas-graphite units it now has or is building because of timing, political, and technical factors.

**Timing factors.** First, the most important non-proliferation feature of the LWRs is that they do not yet exist. It will be ten years before the first comes on line and even if at that juncture they posed a proliferation risk that were comparable to that presented by North Korea’s gas-graphite reactors, we would still be much better off since we would have
enjoyed a decade during which the threat of North Korea’s obtaining a substantial nuclear arsenal would have been greatly reduced.

Political factors. Second, there will be important political restraints on the LWRs that do not exist in the case of the gas-graphite units, restraints that will substantially reduce the risk that the new reactors will be misused. The reactors will be built, and North Korean operators will be trained, for example, with the assistance of South Korean, Japanese, and possibly, U.S. engineers and technicians. It is inevitable that some of these foreign specialists will continue to work with the North Koreans to help run the plants after they are built, as is traditional in other nuclear electric power plant transfers to developing countries; indeed the presence of such foreign technicians will be essential to the smooth running of the facilities. This will be an important added safeguard against the misuse of the plants.

An addition political restraint stems from the fact that the reactors must be fueled with low-enriched uranium, which North Korea cannot produce. Thus fuel will have to be provided by a foreign supplier, with Japan probably the most likely candidate. Significantly, the fuel supply contract will permit the seller to establish clear rules about the future disposition of that fuel, including a prohibition on reprocessing the material and/or a requirement that it be transferred out of North Korea. The fuel supply contract thus provides a mechanism for enforcing the North’s commitment not to build reprocessing or enrichment plants contained in the February 1992 Declaration on the Denuclearization of the Korean Peninsula that it signed with South Korea.

Equally important, the fact that fuel must be supplied from abroad will permit the United States and its friends to freeze fuel supplies at the earliest sign of improper activities involving the LWRs. In contrast, the North’s gas-graphite reactors use indigenously produced fuel, providing no leverage for the United States and its friends.

At a broader -- and potentially far more important level -- it is also to be hoped that in ten years’ time, the DPRK will be far more tractable and reliable than it is today, because of the political and economic openings it will have made to the outside world and to South Korea, in particular. This would further reduce the proliferation potential of the LWRs.

Technical factors. Finally, the LWRs are more proliferation resistant on technical grounds. To begin, as the Administration has stressed, fuel from gas-graphite reactors consists of uranium metal pellets that are inserted into tubes of magnesium-oxide alloy. The "magnox" fuel cycle assumes that this fuel is to be reprocessed soon after it is discharged from the reactor in order to extract its plutonium; thus magnox fuel is not designed to remain in long-term storage in reactor cooling ponds and will disintegrate into dangerous radioactive rubble unless extraordinary precautions are taken. (We are currently assisting the North Koreans to take such measures in an effort to maintain the 8,000 fuel rods that were discharged last spring from the five-megawatt reactor at Yongbyon.)
LWR fuel, in contrast, consists of uranium oxide pellets sheathed in zirconium alloy tubes that can remain in storage indefinitely and need never undergo reprocessing. Thus LWRs are more "proliferation resistant" than gas-graphite reactors because they do not envision the separation of weapons-usable nuclear material, while gas-graphite reactors normally lead to technical circumstances that propel the reactor operator towards the acquisition of that material -- and provide a convenient, seemingly legitimate rationale for doing so.

An additional factor that makes LWRs more proliferation resistant is that reprocessing LWR spent fuel to obtain plutonium is considerably more complex than reprocessing spent fuel from gas-graphite reactors. Currently the Yongbyon reprocessing plant cannot handle LWR fuel. This means that if the North Koreans were to abrogate the current agreement, say one year after the first LWR came on line but before the Yongbyon reprocessing plant had been dismantled, they would not be able to obtain plutonium for perhaps twelve to eighteen months, providing a critically important opportunity for diplomacy and sanctions to attempt to reverse their abrogation decision. In contrast, if the North were to complete the two gas-graphite reactors now under construction and later abrogated a pledge not to extract plutonium, it could start separating the material immediately at its existing reprocessing facility.

Contingent danger vs. immediate threat. There is one aspect of the LWRs that will, however, make them more dangerous from the standpoint of proliferation than the gas-graphite units, and that is their size. The LWRs will have a combined capacity of 2,000 megawatts (electric) in contrast to the 255 megawatts (electric) of the gas-graphite reactors. This means that the LWRs will inevitably produce far more plutonium in their spent fuel than the gas-graphite reactors would have.

By the time that plutonium will be produced in significant quantities in the LWRs, however, the North will no longer have a facility in which to separate the material, since the existing reprocessing plant at Yongbyon must be dismantled by the time the second LWR

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1 The LWRs will be considerably more powerful than the gas graphite reactors, and fuel will remain in them for a longer period before removal. In addition to making LWR fuel more radioactive and therefore more dangerous to handle, this intensive "cooking" causes the uranium pellets (which now contain a tiny proportion of plutonium) to swell inside the fuel rods. As a result, to extract plutonium from LWR fuel rods, the rods must first be cut into short segments and the segments then must be placed in nitric acid to leach out the pellet material. This is a very complex process. In contrast, North Korea's smaller gas-graphite reactors "cook" fuel less intensively, and the uranium pellets from gas-graphite reactors simply slide out of a fuel rod when the end is cut, facilitating the plutonium extraction process. North Korea is not known to have the necessary "head end" equipment for handling LWR fuel at its reprocessing plant and would probably have to import it.

2 It is also true that it is more demanding to manufacture nuclear weapons from high burn-up "reactor-grade" plutonium of the type produced by LWRs than from, "weapons-grade" plutonium normally produced in gas-graphite reactors. It must be assumed, however, that North Korea could successfully use reactor-grade plutonium for this purpose, since it has undoubtedly been working on nuclear weapon designs for over a decade.
comes on line. This will be one or two years after the first LWR begins operating, at which point the North will have accumulated only one or two years’ worth of spent LWR fuel from that first unit. If the Yongbyon reprocessing plant has not been dismantled as required under the Agreed Framework, no new fuel will be provided for either of the LWRs. And, should an impasse be reached at this juncture, as noted above, the existing reprocessing plant would not be equipped to handle spent LWR fuel, a factor which would provide the opportunity to resolve the crisis through diplomacy, sanctions, or even military action.

As the years go by, large quantities of plutonium-bearing spent fuel will, of course, accumulate as the LWRs operate. However, unless the North is able to build a major reprocessing plant totally in secret, there should be ample warning before it could begin to extract the plutonium from the spent fuel for bombs. (Construction of such a plant, it may be added, would violate the February 1992 North South Declaration on the Denuclearization of the Korean Peninsula.)

Admittedly, the risk that North Korea might be able to build a clandestine reprocessing facility cannot be completely ruled out, nor can we rule out the possibility that some day it might abrogate all of its agreements and openly build a new plant in which it might then reprocess illicitly seized LWR spent fuel. However, these distant contingencies, against which we will have many safeguards (including continual IAEA monitoring of the LWRs), must be balanced against the far more immediate and certain threat posed by the gas-graphite reactors, the existing accumulations of spent fuel, and the existing reprocessing plant at Yongbyon -- the threat that will be eliminated by the Agreed Framework.

On balance, therefore, taking all of the foregoing factors into account, I believe that the LWR versus gas-graphite reactors trade-off in this case is one that significantly enhances the security of the United States and its allies.

Is the Agreed Framework a dangerous precedent?

As suggested earlier, there is no question that some aspects of the Agreed Framework are disadvantageous to U.S. non-proliferation goals. The key point to bear in mind, however, is that the North Korean case is unique and the precedent set by the Agreed Framework is very complex and ambiguous. Only if similar circumstances presented themselves once again would the agreement have strong precedential value.

The case of Iran, for example, is very dissimilar from that of North Korea. Tehran argues that if the United States and its Western allies are willing to sell LWRs to North Korea even though that country is not in compliance with its IAEA obligations, then the United States and its friends cannot reasonably refuse to sell such reactors to Iran, which is fully complying with the IAEA’s strictures.

To become eligible for the LWRs, however, North Korea will have comply with IAEA rules; moreover, it will also have to go far beyond them by freezing and dismantling
sensitive nuclear plants, foregoing reprocessing, shipping spent fuel out of the country, etc. Iran has not offered to accept comparable restraints and, in the view of U.S. officials, its continued pursuit of a program to develop nuclear arms should therefore disqualify it from receiving civilian nuclear transfers.

Some opponents of the Agreed Framework argue that it also sets the unfortunate precedent of "paying off" a would-be proliferant to gain its compliance with its international obligations. Again, however, the North is not receiving economic rewards merely for complying with the requirements of the IAEA and the NPT; it is accepting restrictions on its nuclear affairs that go far beyond what these require.

Whether the United States and its friends should ever offer rewards for the acceptance of nuclear restraints, no matter how sweeping, is a larger question. Here, it is by no means clear that the North Korean case is actually setting a precedent or that if it were, it would be a bad one. Indeed, we have used this very approach in another context with considerable success, spending heavily to assist Russia, Belarus, Kazakhstan, and Ukraine to dismantle strategic nuclear systems and providing significant economic assistance in many cases to sweeten the deal. In this context, we consider such expenditures to be a wise investment for U.S. national security. It also appears that we would be prepared to restore hundreds of millions in economic aid to Pakistan if it partially rolled back its nuclear weapons program -- accepting restrictions far more limited than those accepted by Pyongyang.

The Agreed Framework also sets a precedent for the IAEA. As argued above, however, while the agency's right to pursue special inspections will not be vindicated for a number of years, the agreement enhances its stature in other respects because the agency is being given added monitoring responsibilities in North Korea and because it has shown itself to be effective in triggering a powerful international response to violations of non-proliferation norms.

Can the North Koreans be trusted?

Ultimately, if the benefits of the Agreed Framework are to outweigh its flaws, they must be implemented, and this will depend on North Korea's behavior.

The agreement is not based on trust, however; it is based on performance. As I stressed at the outset of my testimony, each step of the way, the North Koreans will have to meet their obligations before we are required to meet ours. So far, they have done so.

Moreover, if at any point the agreement breaks down, we will still have been better off for having had it in place until that time because of the freeze it imposes on North Korea's most disturbing nuclear activities.

If we are lucky, the dialogue that the agreement fosters between North Korea on the one hand and the United States, South Korea, and Japan on the other will help to open the
North to the outside world and create added incentives for it to moderate its behavior not only in the nuclear area but also with respect to missile development and sales. These may prove to be added benefits of the accord.

But even if relations remain tense, as long as North Korea continues to perform, U.S. national security and global efforts to curb the spread of nuclear weapons will be enhanced by our performing our side of the bargain.

Recently North Korea has declared that it will not accept South Korea as a supplier of the two LWRs, claiming that the reactors are not safe and that Seoul has never exported a reactor in the past, therefore lacks a record of successfully managing such projects. The United States and South Korea believe these objections will be overcome. I would note that China apparently agreed in principle to purchase the very same reactors from South Korea, providing a vote of confidence as to the latter’s export capabilities.

Conclusion

In sum, I believe that the Agreed Framework, despite its flaws, is advantageous for the United States and bolsters global efforts to curb the spread of nuclear arms. I therefore believe it deserves support.
## Overview of Reciprocal Nuclear Obligations Under October 21, 1995 US-DPRK "Agreed Framework"

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<th>NORTH KOREAN OBLIGATIONS</th>
<th>US AND ALLIED OBLIGATIONS</th>
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<tr>
<td><strong>Step 1a:</strong> Oct. 1994-Jan. 1995</td>
<td>FREEZE OPERATION AND CONSTRUCTION of all weapons-oriented nuclear facilities and permit IAEA verification of freeze. MAINTAIN SPENT FUEL from five-megawatt reactor at Yongbyon without reprocessing (plutonium separation). (Retains possible undeclared inventory of plutonium)</td>
<td>SUPPLY 50,000 TONS HEAVY OIL; initiate discussions with allies on construction two LWRs in DPRK. SUPPLY TECHNICAL ASSISTANCE to support preservation of fuel</td>
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<td><strong>Step 1b:</strong> Jan. 1995</td>
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<tr>
<td><strong>Step 2a:</strong> Four to six years following date of agreement (from early Oct 1994 to 1999/2001)</td>
<td>CONTINUE VERIFIED FREEZE on operations and construction; CONTINUE PRESERVATION OF SPENT FUEL. (Retains possible undeclared inventory of plutonium)</td>
<td></td>
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<td><strong>Step 2b:</strong></td>
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<tr>
<td><strong>Step 3a:</strong> Four to six years from date of agreement (1999-2001)</td>
<td>PERMIT IAEA FULL ACCESS (including special inspections) to resolve all outstanding questions, including discrepancies in initial DPRK inventory. Place any previously undeclared plutonium under IAEA inspection.</td>
<td>BEGIN TRANSFER OF NUCLEAR SUPPLIERS GROUP-LIST components</td>
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<tr>
<td><strong>Step 3b:</strong></td>
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<tr>
<td>PERIOD</td>
<td>NORTH KOREAN OBLIGATIONS</td>
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<td>Step 4a + 4b: 1999-2001 to 2005 + Simultaneous, reciprocal steps: US action to take place as DPRK action takes place</td>
<td>BEGIN SHIPMENT OF SPENT FUEL from five-megawatt reactor OUT OF DPRK Continue verified freeze &amp; full IAEA access</td>
<td>CONTINUE TRANSFER OF NSG-LIST components CONTINUE CONSTRUCTION of two LWR's Continue supplying up to 500,000 tons of oil annually</td>
</tr>
<tr>
<td>Step 5a + 5b: 2005 + Simultaneous, reciprocal steps: US action to take place as DPRK action takes place</td>
<td>COMPLETE REMOVAL OF SPENT FUEL from five-megawatt reactor DPRK BEGIN DISMANTLING of sensitive nuclear plants Continue verified freeze &amp; full IAEA access</td>
<td>COMPLETE/START UP LWR #1</td>
</tr>
<tr>
<td>Step 6a + 6b: 2006 + Simultaneous, reciprocal steps: US action to take place as DPRK action takes place</td>
<td>COMPLETE DISMANTLING of sensitive nuclear plants</td>
<td>COMPLETE LWR #2; LWR #2 BEGINS OPERATING PROVIDE INITIAL FUEL FOR LWR #2 PROVIDE ADD’L FUEL FOR LWR #1</td>
</tr>
<tr>
<td>Step 7a 2006 +</td>
<td>Continue full IAEA access; begin/continue barter payments for LWRs</td>
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</tr>
<tr>
<td>Step 7b</td>
<td></td>
<td>PROVIDE ADD’L FUEL for both LWRs</td>
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DPRK Democratic People’s Republic of Korea ROK Republic of Korea NSG Nuclear Suppliers Group IAEA International Atomic Energy Agency LWR Light water reactor
Leonard S. Spector

Biographical Information

Leonard S. Spector has been active in the nuclear non-proliferation field for more than fifteen years, working first at the Nuclear Regulatory Commission and later as Chief Counsel to the Senate Energy and Nuclear Proliferation Subcommittee. While with the Subcommittee, Mr. Spector assisted in drafting the 1978 Nuclear Non-Proliferation Act, the basic law governing U.S. policy today.

Mr. Spector joined the Roosevelt Center for American Policy Studies in 1983 as a senior fellow. Since 1984, he has been a senior associate at the Carnegie Endowment for International Peace and Director of its Nuclear Non-Proliferation Project.

A frequent commentator on nuclear affairs in the media, Mr. Spector is the author of five books on the spread of nuclear weapons.

Mr. Spector is a graduate of Williams College and holds a law degree from Yale Law School.
FOLLOW-UP QUESTIONS

Subcommittee on Asia and the Pacific
Subcommittee on International Economic Policy and Trade
Hearing on
U.S.-North Korean Nuclear Agreement and Related Issues
March 6, 1995

As a follow-up to the February 23 hearing, the Subcommittees on Asia and the Pacific and International Economic Policy and Trade request that the following questions be submitted for the record.

Conceptual Issues in the October 1994 U.S.-DPRK Agreed Framework

Paul Wolfowitz, in his February 21 article, asks why North Korea would abandon a military project of the highest priority for the prospect of electricity supplies in five to ten years. What would you say in response to this question?

If U.S. intelligence estimates are correct, and that North Korea already has recovered plutonium from spent fuel and developed a nuclear weapons capability:

-- Is it really credible to think that North Korea would surrender any weapons if IAEA inspections reveal discrepancies?

-- What leverage do we have to force North Korea to give up weapons? Would we find ourselves forced to accept ambiguity rather than jettison the entire deal?

-- What is an acceptable margin of error regarding discrepancies?

Ambassador Gallucci and other officials have suggested that the agreement with North Korea provides an entry point to press for other U.S. objectives. Couldn't the logic work in reverse? Why Wouldn't concern about not upsetting the agreement just as easily work to inhibit other U.S. actions against Pyongyang?
Funding Issues
What is the Administration's best estimate of the U.S. funding requirements for the implementation of this agreement, both overall and in the current fiscal year? What assumptions have you made about Korean and Japanese funding when calculating that figure?

Please provide a breakdown showing which agency and departmental budgets will provide these funds?

Diplomatic and Economic Ties
Does the Administration have a policy regarding efforts by U.S. companies to invest or engage in trade with North Korea? In particular, what criteria will be applied in regard to American companies that apply for Special Licenses under Title 31, part 500, to do business in North Korea?

Technical Question
In terms of sequencing, at what point will the IAEA have an opportunity to determine whether North Korea has diverted material into a weapons program? Since the spent fuel rods have been mixed up, how can the operating history of the reactor be determined with any confidence?

North-South Issues
Are there any U.S.-supplied benefits specified in the Agreed Framework that the Clinton Administration will make firmly conditional on North Korea resuming talks with South Korea and on real progress on those talks?

What specific measures does the Administration support to reduce tension between the North and South, both in the context of this agreement and more broadly?

Supply of Heavy Oil to North Korea
Defense News, March 6-12, 1995, reported that "North Korea is conducting its most vigorous winter military exercise in recent years, and event that U.S. and South Korean officials here attribute in part to U.S. shipments of heavy oil . . . ." The report described the maneuvers as "offensive in nature and designed to practice blitzkrieg attacks on South Korea." (Article attached.)

-- Is this report essentially correct? To what extent have diversions of fuel or the freeing up of other fuel supplies helped North Korean military readiness?

-- What, in the view of the Department of State, does this imply about North Korea’s frame of mind regarding its obligations under the Agreed Framework, especially regarding North-South reconciliation?

-- If the United States and South Korean governments decided to suspend the annual Team Spirit exercises partly out of a desire not to jeopardize the Agreed Framework, will this not be seen as a sign of a lack of will from the perspective of North Korea’s psychology? Shouldn’t this decision be reconsidered?

Supplier of the Reactors and Technology

The Agreed Framework does not specify who will supply the enriched uranium fuel for the reactor.

-- Why is this important issue not addressed? What country does the Administration contemplate will supply the fuel?

-- Who will pay for the fuel?

-- What will happen to the spent fuel from the LWRs?

-- Since the North-South Joint Declaration on Denuclearization of the Korean Peninsula bars enrichment and reprocessing activities, would South Korea be barred from supplying the LWR fuel if the North-South agreement is implemented?

Role of Japan and Other Allies

The Administration witness statements do not mention Japan’s financial role.

-- What are the Administration’s expectations regarding Japan’s contribution to the KEDO?
-- In discussions with the Japanese Ministry of Finance and other officials on this issue, what progress has been achieved towards getting Japan to assume this responsibility?

What causes Japan's reluctance?

-- Budget concerns?

-- Socialist pacifist influences and links with North Korea?

What are the implications of Japan's reluctance?

-- Will Japan keep its treaty obligations to the United States in the event of hostilities on the Korean peninsula?

-- If the Administration is confident about this, what is the basis for this confidence?

What have been the concrete reactions of other friendly countries to requests for assistance to KEDO?

-- Has the Administration secured any commitments of money and oil from other governments to meet the obligation in the Agreed Framework of supplying heavy oil to North Korea?

-- Which governments has the Administration approached?

-- What are the prospects of more support before the October 1995 due date for shipping 100,000 tons of oil to North Korea?

-- If commitments from other governments before October are inadequate, will the Administration seek to use U.S. money and U.S. oil? Would it seek these in a special account, as it did for the January shipment of 50,000 tons, or would it ask Congress for an appropriation?

To what extent is Japanese policy affected by current or past financial and political ties between North Koreans in Japan and constituent parties in the Murayama administration. This refers both to the Socialist Party and the smaller Sakigake headed by Finance Minister Takemura? Has this been a problem for the United States?
U.S. Oil Energizes N. Korea Exercises
By BARBARA OPALL
Defense News Staff Writer

SEOUL — North Korea is conducting its most vigorous winter military exercises in recent years, an event that U.S. and South Korean officials attribute in part to U.S. shipments of heavy oil authorized under the October 1994 nuclear package deal with Pyongyang.

Officials here described the exercises as offensive in nature and designed to practice blitzkrieg attacks on South Korea. The exercises began in early December and are expected to continue through March.

Intelligence officials and military planners say the winter exercises have become almost predictable since the mid-1980s, when the former Soviet Union ceased its joint military training with North Korea. But officials say this year's exercises are significant because of increased air sorties and a surge in the number of armored, mechanized and artillery corps practicing joint warfare operations.

"The [North] Korean People's Army has historically conducted a rigorous year-round training program. In recent years, we have noted a downward trend in the size and scope of their training . . . . That trend now seems to have been reversed and we're seeing it at its highest level in the last few years," Jim Coles, a spokesman for the Seoul-based United Nations Command, said March 3.

Although U.S. oil is not used directly to fuel military maneuvers, the influx of heavy oil into the country has allowed North Korea to divert other types of fuel reserves from domestic to military use, See KOREA, Page 28
Question 1:

Paul Wolfowitz, in his February 21 article, asks why North Korea would abandon a military project of the highest priority for the prospect of electricity supplies in five to ten years. What would you say in response to this question?

Answer:

The DPRK will be gaining more than electricity in exchange for abandoning its nuclear weapons program. The Agreed Framework will also provide heavy fuel oil for heating and electrical generation purposes, as well as U.S. negative security assurances and the improvement of political and economic relations with the United States and other countries.

North Korea may calculate that these benefits serve North Korea’s interests and outweigh the advantages of maintaining a nuclear weapons program which will result in international pressure and isolation.
Question for the Record submitted to
Ambassador Robert L. Gallucci
Subcommittee on Asia and the Pacific
Subcommittee on International Economic Policy and Trade
February 23, 1994

Question 2a:
If U.S. intelligence estimates are correct, and that North Korea already has recovered plutonium from spent fuel and developed a nuclear weapons capability, is it really credible to think that North Korea would surrender any weapons if IAEA inspections reveal discrepancies?

Answer:
When a significant portion of the LWR project is completed, but before delivery of key nuclear components, the DPRK is required to come into full compliance with its safeguards agreement with the IAEA. This will include taking all steps that may be deemed necessary by the IAEA, following consultations with the Agency with regard to verifying the accuracy and completeness of the DPRK’s initial report on all nuclear material in the DPRK. If the DPRK does not abide by those steps the IAEA feels are necessary, including full declaration of all nuclear materials, the DPRK will lose economic and diplomatic relations with the U.S., and the LWR project will not be completed.
Question for the Record submitted to
Ambassador Robert L. Gallucci
Subcommittee on Asia and the Pacific
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Question 2b:

If U.S. intelligence estimates are correct, and that North Korea already has recovered plutonium from spent fuel and developed a nuclear weapons capability, what leverage do we have to force North Korea to give up weapons? Would we find ourselves forced to accept ambiguity rather than jettison the entire deal?

Answer:

The Agreed Framework provides the United States with considerable leverage to encourage the DPRK to give up a nuclear weapons capability; certainly more leverage than it would have had without the Agreed Framework. If the implementation of the Agreed Framework is successful the DPRK will gain diplomatic relations and the easing of economic sanctions from the U.S. If the DPRK does not give up its nuclear potential, it will lose the economic and diplomatic benefits associated with the U.S. and the considerable energy potential of the LWRs.
Question for the Record submitted to
Ambassador Robert L. Gallucci
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Question 2c:

If U.S. intelligence estimates are correct, and that North Korea already has recovered plutonium from spent fuel and developed a nuclear weapons capability, what is an acceptable margin of error regarding discrepancies?

Answer:

The IAEA will determine the acceptable margin of error regarding discrepancies in the DPRK's nuclear program. The DPRK must comply fully with all IAEA safeguards and the Non-Proliferation of Nuclear Weapons Treaty (NPT).
Question for the Record submitted to
Ambassador Robert L. Gallucci
Subcommittee on Asia and the Pacific
Subcommittee on International Economic Policy and Trade
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Question 3:
Ambassador Gallucci and other officials have suggested that the agreement with North Korea provides an entry point to press for other U.S. objectives. Couldn't the logic work in reverse? Why wouldn't concern about not upsetting the agreement just as easily work to inhibit other U.S. actions against Pyongyang?

Answer:
The Agreed Framework provides a vehicle for the discussion of other issues with the DPRK, such as ballistic missile exports to the Middle East and the resumption of North-South dialogue between the ROK and DPRK. It may be the view of the DPRK that by entering into the Agreed Framework with the U.S. they may be able to obtain items on their wish list. The DPRK's primary goal would be to drive a wedge between the U.S. and ROK. However, DPRK action in this direction will fail. On the other hand, the more the DPRK is willing to talk with the U.S., the more successful we will be in opening up the DPRK to the international community.

DPRK actions which are not consistent with the Agreed Framework will be met with appropriate action by the United States. The United States will not be inhibited to press action against the DPRK if the DPRK does not abide by the Agreed Framework.
Question for the Record submitted to
Ambassador Robert L. Gallucci
Subcommittee on Asia and the Pacific
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February 23, 1994

Question 4a:
What is the Administration's best estimate of the U.S. funding requirements for the implementation of this agreement, both overall and in the current fiscal year? What assumptions have you made about Korean and Japanese funding when calculating that figure?

Answer
The administration estimates that the annual U.S. government contribution to the Korean Peninsula Energy Development Organization (KEDO) will be approximately $20-$30 million. The total funds either requested or spent so far for the implementation of the Agreed Framework in FY 1995 is approximately $19.6 million.

Japan has contributed $5.8 million--2.8 million for KEDO start-up and 3 million for LWR site survey. The ROK has not yet made an initial contribution but one is expected soon. Most ROK funding will be tied to the LWR project. Over the span of the LWR project, the ROK is expected to play a central role in financing the LWR project and, in that context, Japan will play a significant role.
Question for the Record submitted to
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Question 4b:
Please provide a breakdown showing which agency and departmental budgets will provide these funds?

Answer:
For FY 1995: DOD - $5.4 million
DOE - $200,000
DOE - $10 million (requested reprogramming)
DOS - $4.0 million (future reprogramming)

The administration has included $22 million in the State Department budget for FY 1996 to pay for a U.S. contribution toward implementation of the Agreed Framework. It is anticipated that $20-30 million will be necessary in future years for this purpose.
Question for the Record submitted to
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Question 5:
Does the Administration have a policy regarding efforts by U.S. companies to invest or engage in trade with North Korea? In particular, what criteria will be applied in regard to American companies that apply for Special Licenses under Title 31, part 500, to do business in North Korea?

Answer:
The Administration announced a new policy easing certain sanctions against North Korea on January 20. We are easing sanctions in four broad areas: travel, telecommunications and journalism; trade in magnesite, a rare mineral used in the U.S. steel industry; financial transactions; and other areas related to implementation of the U.S.-DPRK Agreed Framework, including the establishment of diplomatic liaison offices and certain energy sector projects. The new sanctions policy is reflected in the amended Treasury regulations (Title 31, Code 500) published in the Federal Register February 16. The Federal Communications Commission announced its new policy with respect to telecommunications links with North Korea on March 16.

The revised regulations open a narrow window for U.S. trade and investment with North Korea. With the exception of telecommunications and journalism, U.S. companies will require special licenses from the Treasury Department to do business with North Korea.

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The Administration will consider license requests for transactions that are directly related to implementation of the Agreed Framework and support our overall policy objectives. Treasury has already issued licenses for importation of North Korean magnesite. In the energy sector, we will consider license applications related to our commitments in the Agreed Framework to ensure the safe storage of nuclear fuel, the provision of alternative energy supplies, and participation in the light water reactor project.
Question 6:
In terms of sequencing, at what point will the IAEA have an opportunity to determine whether North Korea has diverted material into a weapons program? Since the spent fuel rods have been mixed up, how can the operating history of the reactor be determined with any confidence?

Answer:
When a significant portion of the LWR project is completed, but before delivery of key nuclear components, the DPRK will come into full compliance with its safeguards agreement with the IAEA. This includes taking all steps that may be deemed necessary by the IAEA, following consultations with the Agency with regard to verifying the accuracy and completeness of the DPRK's initial report on all nuclear material in the DPRK.

The IAEA believes that the mixing-up of the fuel rods seriously degrades its ability to determine the operating history of the reactor.
Question 7:
Are there any U.S.-supplied benefits specified in the Agreed Framework that the Clinton Administration will make firmly conditional on North Korea resuming talks with South Korea and on real progress on those talks?

Answer:
The US-DPRK Agreed Framework commits the DPRK to resume North-South dialogue and to take steps to implement the North South Joint Declaration on Denuclearization.

The Framework does not, however, specifically tie these steps to other aspects of the Agreed Framework.

The US has stated that North-South dialogue is essential to the full implementation of the Agreed Framework. We have been consulting closely with our South Korean allies, both here in Washington and in Seoul, on this issue. We are in absolute agreement that North Korea must take steps to live up to its commitments on North-South dialogue.
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Question 8:
What specific measures does the Administration support to reduce tension between the North and South, both in the context of this agreement and more broadly?

Answer:
The Agreed Framework obligates the DPRK to resume dialogue with the ROK, and to take steps to implement the Joint Declaration on Denuclearization.

The US would also support any steps to improve relations mutually agreed upon between North and South Korea. These steps could be, but are not limited to, implementation of provisions of the North-South Joint Statement on Non-Aggression, Reconciliation, Exchanges and Cooperation, the holding of a North-South summit, or other government-to-government contact.

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Question for the Record submitted to
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Question 9a:
Is the Defense News, March 6-12, 1995 article essentially correct? To what extent have diversions of fuel or the freeing up of other fuel supplies helped North Korean military readiness?

Answer:
As we have said before, we have concerns that some of the heavy fuel oil may have been sent to industrial facilities for non-military uses. There is no evidence to suggest that the 50,000 tons we have supplied--directly or indirectly--increased North Korean military readiness.

Although any source of energy is somewhat fungible, we deliberately chose heavy fuel oil because it cannot be used directly for military operations.

Question 9b:
What, in the view of the Department of State, does this imply about North Korea's frame of mind regarding its obligations under the Agreed Framework, especially regarding North-South reconciliation?

Answer:
We are reluctant to speculate in an unclassified format about internal North Korean decision-making on handling of the oil, but the Administration does not think it has any bearing on North-South relations.

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Question 10:
If the United States and South Korean governments decided to suspend the annual Team Spirit exercises partly out of a desire not to jeopardize the Agreed Framework, will this not be seen as a sign of a lack of will from the perspective of North Korea's psychology? Shouldn't this decision be reconsidered?

Answer:
Both the ROK and the U.S. military agree that suspension of Team Spirit 1995 would not undermine our defense of the Korean peninsula. The decision to suspend Team Spirit applies only to this year. Holding subsequent Team Spirit exercises are a separate decision that has not been made yet. I would note that there are other U.S.-ROK joint military exercises which maintain readiness.
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Ambassador Robert L. Gallucci
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Question 11:
The Agreed Framework does not specify who will supply the enriched uranium fuel for the reactor. Why is this important issue not addressed? What country does the Administration contemplate will supply the fuel? Who will pay for the fuel? What will happen to the spent fuel from the LWRs? Would the ROK be barred from supplying the LWR fuel if the NSDD is implemented?

Answer:
The Agreed Framework does not resolve the specifics of the LWR project, including the source of the fresh fuel and the disposition of spent fuel from the LWRs. These issues, along with financial arrangements for supply of the fresh fuel and disposition of spent fuel, will be the subject of KEDO-DPRK LWR supply contract negotiations. The ROK is not barred from fabricating or supplying LWR fuel under the NSDD.

Question 12a:
The Administration witness statements do not mention Japan’s financial role. What are the Administration’s expectations regarding Japan’s contribution to KEDO?

Answer:
The ROK will play a central role in financing and construction of the LWRs through KEDO. In that context, Japan will play a significant role in financial support for the reactor project. Japan has already given $5.8 million-$3 million for LWR site survey and $2.8 for KEDO operating costs.
Question 12b:

In discussions with the Japanese Ministry of Finance and other officials on this issue, what progress has been achieved towards getting Japan to assume this responsibility?

Answer:

Japan, for its part, has pledged to play a significant financial role in the LWR project and also to support the LWR site survey and other KEDO operating costs. Japan has already contributed an initial amount of $5.8 million to help defray the costs of the LWR site survey and the establishment of KEDO.
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Question 12c:
What causes Japan’s reluctance? Budget concerns? Socialist pacifist influences and links with North Korea?

Answer:
In light of Japan’s stated pledge to play a significant financial role in the LWR project, not to mention its contribution to date in support of KEDO in the form of site survey costs and other operating expenses, the U.S. would not characterize the Japanese position as one of reluctance.

Japan’s budget concerns are genuine, particularly with respect to the billions of dollars that will be needed for the reconstruction of areas devastated by the Kobe earthquake.

Although the Japan Socialist Party has maintained traditional ties to North Korea, the coalition government of Prime Minister Murayama—who is concurrently the head of the Socialist Party—has come out strongly in support of the Agreed Framework and the approach taken by the United States in dealing with North Korea.
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Question 12d:
What are the implications of Japan's reluctance? Will Japan keep its treaty obligations to the U.S. in the event of hostilities on the Korean Peninsula? If the Administration is confident about this, what is the basis for this confidence?

Answer:
The Administration does not characterize Japan's posture as one of reluctance.

The Administration U.S. has every reason to believe that Japan will uphold its commitments under our mutual security treaty.

The Administration is not aware of any statement, in public or in private, by any responsible Japanese official that would call Japan's commitment into question.
Question for the Record submitted to
Ambassador Robert L. Gallucci
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Question 13a:
What have been the concrete reactions of other friendly countries to requests for assistance to KEDO?

Answer:
Reactions towards KEDO have been positive. The overwhelming majority of the some 20 countries attending the KEDO conference March 8-9 in New York expressed their support for the Agreed Framework and KEDO. Australia, Canada, New Zealand, and the United Kingdom have all expressed their intent to join the organization. We expect other countries in Europe and Asia to do so in the near future.

Question 13b:
Has the Administration secured any commitments of money and oil from other governments to meet the obligation in the Agreed Framework of supplying heavy oil to North Korea?

Answer:
In addition to Japan's near-term contribution of $5.8 million KEDO has obtained firm financial commitments from Australia, New Zealand, Canada and the United Kingdom to help pay for implementation of the Agreed Framework. The total additional amount is about $7.5 million.
Question for the Record submitted to
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Question 13c:
Which governments has the Administration approached for requests for assistance to KEDO? What are the prospects of more support before the October 1995 due date for shipping 100,000 tons of oil to North Korea?

Answer:
The administration has approached Australia, New Zealand, Canada, the United Kingdom, the Netherlands, France, Italy, Germany, Finland, Russia, the European Commission, Kuwait, the UAE, Qatar, Bahrain, China, the Philippines, Thailand, Malaysia, Singapore, Indonesia, and Brunei to provide assistance to KEDO.

The prospects for additional support for KEDO are positive. In addition to those who have already joined, other countries in Europe and Asia are still considering contributing to KEDO and we expect decisions to be made this Spring.
Question for the Record submitted to
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Subcommittee on Asia and the Pacific
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Question 13d:

If commitments from other governments before October are inadequate, will the Administration seek to use U.S. money and U.S. oil? Would it seek these in a special account, as it did for the January shipment of 50,000 tons, or would it ask Congress for an appropriation?

Answer:

We believe that KEDO will have sufficient funding or in-kind contributions to cover the October 1995 shipment of 100,000 tons. The organization already has pledges for about $7.5 million of the expected $10 million cost. If necessary, KEDO could use some portion the requested FY 96 contribution of $22 million for its heavy fuel oil project. The U.S. does not plan to use money from the DOD emergency fund for this purpose.
Question for the Record submitted to
Ambassador Robert L. Gallucci
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Question 14:
To what extent is Japanese policy affected by current or past financial and political ties between North Koreans in Japan and constituent parties in the Murayama administration? This refers both to the Socialist Party and the smaller Sakigake headed by Finance Minister Takemura? Has this been a problem for the United States?

Answer:
The U.S. does not consider the policies of any of the three parties in the coalition government—the Socialist Party, the Sakigake Party, or the Liberal Democratic Party—to pose a problem for the United States vis-a-vis North Korea.

Some elements of the Socialist Party traditionally have maintained close ties with North Korea. At the same time, some members of the conservative Liberal Democratic Party have also maintained links with the North over the years. All three parties were represented on the Japanese parliamentary delegation that visited Pyongyang March 28-30. The delegation urged the North Koreans in no uncertain terms to abide by the terms of the Agreed Framework.