

**Korean Peninsula Energy Development Organization
(KEDO)
A Bridge Too Far?**

By

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Introduction

The Korean Peninsula Energy Development Organization, or KEDO, initially was conceived as a joke, eventually became a reality but ultimately died a victim of intensifying mistrust between the United States and Japan, on the one hand, and North Korea. Established in March 1996, KEDO was the last of the confidence building measures initiated under the 1994 US-North Korea Agreed Framework. After a slow and uncertain start, KEDO by 1999 became the core of an international effort to implement the terms of the Agreed Framework. Its primary purpose was to arrange for and oversee the construction of two light water nuclear reactors (LWR) at Shimpo on the northeast coast of North Korea. KEDO also had primary responsibility for annually supplying 500,000 metric tons of heavy fuel oil (HFO) to North Korea until the nuclear reactors had begun operation. Despite intense international effort and cooperation, as well as impressive progress toward its primary objective over one decade, KEDO died a quiet death in 2006.¹

KEDO's experience merits close scrutiny today because the problem it was conceived to address persists.

Some assume that North Korea and its persistent quest for a nuclear arsenal are the source of Northeast Asia's potential instability and the possible eruption of a second Korean War. It is a view firmly held in the incumbent Bush Administration and widely subscribed to in South Korea, Japan and the United States. Nevertheless, this assumption is highly debatable.

The "Korea Problem" and KEDO's Fate

North Korea's hostility and nuclear ambitions, it can be argued, are symptoms and not the source of the "Korea problem." Since the late 19th Century, Korea has posed a serious problem to its neighbors. Militarily impotent and economically undeveloped, its neighbors feared that European imperialist nations would occupy the peninsula and use it as a base to expand their empire in East Asia. China clung to Korea as a tributary but did little to help it while worrying that it might fall prey to Japan's apparent imperialistic impulses. Japan eventually concluded that a European imperial power might occupy feeble Korea and use it as a base for invading Japan. Japan, after wars with China and Russia, concluded it could solve the "Korea problem" by occupying Korea.

Colonization and Division

Japan's colonization of Korea, however, only complicated the "Korea problem." Suppression of Korean nationalist movements split Korea's political leadership into factions that eventually aligned themselves with rival superpowers, the United States and the Soviet Union. The Japanese imperial army's use of Korea as a base for the invasion of China ultimately set the stage for Korea's unwitting division in 1945 into two rival regimes, one loyal to the United States and the other to the Soviet Union.

North Korean leader Kim Il Sung decided in 1950 that he would solve the “Korean problem” by forcefully unifying the peninsula. His failure and the subsequent superpower rivalry of the Cold War crystallized Korea’s division. But Koreans’ belief that they could achieve national unification persisted.

Koreans in both halves of Korea resolutely believe that the source of the “Korean problem” is their nation’s division. When the Soviet Union collapsed in 1991, the people of South Korea confidently assumed that North Korea’s collapse and unification were inevitable. Overlooked was the determination of North Korea’s leaders to perpetuate their rule of Korea’s northern half. Also overlooked was their determination to preserve their national sovereignty in the face of the superior military might of the US-South Korea alliance.²

The Cold War’s Legacy

The Cold War’s end had only redefined the “Korea problem.” For Pyongyang, the priority shifted from unification to regime survival. North Korea’s generals faced a strategic choice. They could accept disarmament, and pursue reconciliation with South Korea, according to the terms Seoul and Washington set, or they could reinforce their nation’s “deterrent capability.”

Initially Pyongyang opted to negotiate with South Korea, a process initiated in 1990. Despite impressive progress, however, intense distrust and rivalry between the two Koreas persisted. North Korea’s generals recognized that the Soviet Union’s collapse had ended its protective “nuclear umbrella.” At the same time, the United States’ decisive and quick victory in the first Gulf War using “smart” weapons rendered obsolete all the Soviet-era military equipment that North Korea relied upon to equip its million-plus man army.

The Agreed Framework

In 1993, North Korea’s leadership opted to negotiate with the United States. It offered to trade its nuclear weapons development program for a series of simultaneous steps that would culminate in the normalization of bilateral US-North Korea diplomatic and commercial relations. The effort yielded the Agreed Framework. Signed in October, 1994, this was the first ever U.S.-DPRK bilateral diplomatic agreement.³

It was formulated on the assumption that mutual distrust could gradually be erased by a process of simultaneous steps designed to build confidence and trust between the United States and North Korea. At the same time, the United States deemed it equally important that North and South Korea engage in and expand their dialogue to similarly replace their mutual distrust and rivalry with a process of reconciliation.

Central to both processes was implementation of several confidence building measures. These included:

- The United States supply of heavy fuel oil (HFO) to generate an amount of electricity to replace that North Korea would not be able to generate after it shut down its nuclear reactor at its Yongbyong Nuclear Research Center.
- The placement of North Korea's 8,000 nuclear spent fuel rods in long term storage under the International Atomic Energy Agency's (IAEA) monitoring.
- In exchange, North Korea would freeze all its nuclear related activities, remain a member of the Treaty on the Non-proliferation of Nuclear Weapons (NPT), and allow IAEA monitoring and inspections of its nuclear facilities
- The establishment of diplomatic liaison offices in each nation's capital to facilitate diplomatic communication and negotiation vital to the agreement's implementation.
- The United States would phase out economic sanctions imposed on North Korea since the start of the Korean War in 1950. This would occur as North Korea demonstrated its cooperation with the location and recovery of the remains of some 8,100 American military personnel who died in North Korea during the Korean War, and proved the credibility of its claim that it no longer supported international terrorism.
- The United States promised to organize and head an international organization to facilitate construction of two light-water nuclear reactors (LWR) at Shimo on North Korea's east coast.
- Once completed, North Korea pledged that it would allow the United States to ship the 8,000 spent nuclear fuel rods to a third nation and permit the dismantlement of its nuclear reactor.

Even before the Agreed Framework had been concluded, however, South Korea's political leader President Kim Yong-sam, took issue with the Agreed Framework. He believed that North Korea's economic woes and estrangement from the international community would lead to its collapse. He favored a strategy of containment that would reinforce North Korea's economic problems and isolation in the belief that this would inevitably and quickly result in the North Korean regime's collapse. This stance obviously clashed with the Agreed Framework's basic assumptions.

Seoul verse Washington

Also, no sooner had the Agreed Framework been signed than the Republican Party won the mid-term Congressional election of November 1994. This gave the Republicans control of Congress and put the Democratic Clinton Administration on the political defensive. Republicans quickly aligned themselves with President Kim Yong-sam's goal of working to bring about the collapse of the Kim Jong Il regime in Pyongyang. They shared the belief that the Agreed Framework and Clinton Administration's other confidence building measures with North Korea, including humanitarian assistance, prolonged Kim Jong Il's rule.⁴

Within this politically charged environment, implementation of the Agreed Framework began. By 1998, the Agreed Framework was on the verge of collapse because of opposition to it in Seoul and Washington. Its life was prolonged when Kim Dae-jung

was inaugurated South Korea's new president in February 1998. Fundamental to his so-called "Sunshine Diplomacy" was the engagement of North Korea in a series of confidence building measures that would promote reconciliation. Consequently, his administration strongly supported the Agreed Framework.

The reverse was true in Washington and Pyongyang. By 1998, the Republican controlled Congress imposed increasing fiscal controls on the weakened Clinton Administration's ability to fund the programs vital to the Agreed Framework's successful implementation. At the same time, Pyongyang's critics of the agreement claimed that the United States had failed to fulfill its part of the agreement. They also argued that United States policy toward North Korea was increasingly hostile rather than moving toward normal relations. As evidence, they pointed to US Congressional laws designed to restrain funding and implementation of the agreement.⁵

Pyongyang Blunders

North Korea blundered on August 31, 1998 when it launched a multiple stage ballistic missile over Japan's main island. If successful, the missile could drop a warhead on the United States. The launch shattered confidence in the United States and Japan that the Agreed Framework could replace mistrust with normal diplomatic relations. But by 1998, the "Korea Problem" once again had become one of intense mutual mistrust. Pyongyang's refusal to end its missile program and growing suspicions about its cooperation with Pakistan regarding nuclear weapons technology fed this distrust in Washington and Tokyo.

The Clinton Administration redoubled its efforts in 1999 and 2000 to reassure the US Congress and people that a process of engaging North Korea could convert it into a respectable member of the international community. North Korea's September 1999 moratorium on the testing of ballistic missiles helped, as did President Clinton's appointment of former Defense Secretary William Perry as his North Korea Policy Coordinator. President Kim Dae-jung's "sunshine diplomacy" prolonged the building of two light water reactors in North Korea.

The first North-South Korea summit of June 2000 revived hopes that the Agreed Framework could succeed. Rather than continuing to cling to the past, the two Koreas resolved that they would pursue a hesitant process of reconciliation. Shortly afterward, the Clinton Administration took unprecedented steps toward reconciliation with North Korea. In October, 2000, North Korean leader Kim Jong Il dispatched his senior most general to Washington for high level talks and President Clinton soon after sent Secretary of State Albright to Pyongyang. The visits, however, yielded no enduring progress toward reconciliation.

Mistrust Intensifies

The underlying reason remained mutual distrust. In Washington, some in the intelligence community believed that North Korea had initiated a clandestine program to develop

highly enriched uranium. If true, this was contrary to pledges it had made as part of the 1994 Agreed Framework and the earlier 1992 Joint North-South Declaration on the Denuclearization of the Korean Peninsula. In Tokyo, North Korea's August 1998 ballistic missile test had frightened and angered the Japanese people. Further reinforcing their distrust of North Korea was Pyongyang's previous abduction of many Japanese citizens and continuing insistence that it had not done so. In Seoul, Kim Jong Il's reluctance to fulfill his 2000 North-South Korea Summit pledge to visit South Korea convinced many in the south of his insincerity regarding reconciliation.

Soon after the US Supreme Court had designated him the victor in the 2000 US presidential election, George W. Bush made numerous comments and took a series of steps that appear to have convinced North Korea's generals that the United States had decided to undermine North Korea either using economic sanctions or military means. For reasons unlikely to be fully known for decades, North Korea's leaders in January 2003 determined that the Agreed Framework had failed and they opted to pursue the development of nuclear weapons.

Despite three years of intense diplomatic effort between 2003 and 2006 by China and South Korea, the pursuit of a peaceful diplomatic end to North Korea's nuclear program has thus far failed to achieve any concrete results. On the contrary, the Agreed Framework has been discarded and North Korea has tested a nuclear explosive device.

Japan and the United States reject the notion that the problem is mistrust. Instead, they insist that Pyongyang's reluctance to fulfill its promises to the international community and quest for weapons of mass destruction is at the heart of the "Korea problem." In the event that a new bilateral agreement is eventually formulated between Washington, DC and Pyongyang, no matter its terms, ultimate successful implementation will hinge on the extent to which these two adversaries achieve mutual trust. Without it, no agreement can succeed.

It is against this back drop that the saga of persistent mistrust that the Korean Peninsula Energy Development Organization (KEDO) must be understood. The entire story of the Agreed Framework's demise is too complex to relate in depth here. Thus we will concentrate on a single bilateral endeavor created by the Agreed Framework: KEDO.

The Agreed Framework's Faltering Start

KEDO was the last of the confidence building measures to be implemented as part of the 1994 Agreed Framework. Simply put, implementation of the agreement proved far more challenging than its negotiation. It took only sixteen months to formulate the accord, but a decade of intense effort failed to achieve its successful implementation.

Promises to Congress

Robert Gallucci, the US chief negotiator of the Agreed Framework, and his staff concentrated initially on dealing with Congress and seeking funds to implement the

Agreed Framework. Candidly speaking, their efforts yielded disappointing results, a consequence more because of Republican opposition than a lack of earnestness. The Republican Party's success in the November 1994 mid-term elections proved a formidable obstacle to their efforts. But Gallucci and his staff nevertheless proved unable to rally broad Congressional support. A major reason was Gallucci's promise to the Congress in November 1994 that the Agreed Framework's implementation would be paid for by Washington's allies South Korea and Japan as part of their "burden sharing" of the cost of maintaining US military forces in Northeast Asia. Subsequently, Congress held the Executive Branch to its word and only relatively small amounts of funding were authorized for the accord's implementation. This problem haunted the Agreed Framework until its demise in 2006.⁶

Gallucci's pledge also displeased South Korea and Japan. At the time, East Asian Affairs Deputy Assistant Secretary Thomas Hubbard closely advised Bob Gallucci on how to deal with the South Korean and Japanese governments. Hubbard and Gallucci shared the dated view that the two US allies should concede that their funding of the Agreed Framework was consistent with their "burden sharing" responsibilities. While the two allies generally shared this view, Washington's rather presumptuous attitude in this regard excited criticism in Seoul and Tokyo. Politicians in both capitals felt their governments had been slighted when Washington assumed that they would cover 90% of cost of building two nuclear reactors for North Korea. This legacy also severely handicapped the agreement's implementation until 1998 when South Korean President Kim Dae-jung assumed primary responsibility for funding the construction project.

Burden Sharing in Washington

The Agreed Framework's implementation in Washington from the beginning was hampered by the lack of staff and funding. While Ambassador Gallucci and his staff initially focused on dealing with Congress, the burden of implementation vis a vis North Korea fell to the understaffed Office of Korea Affairs at the State Department and other agencies: the Arms Control and Disarmament Agency (ACDA), and the Departments of Defense (DoD) and Energy (DoE). These latter agencies supplemented the East Asia Bureau's meager personnel and funding resources. On the other hand, these agencies knew little or nothing about how to deal with North Korea, which could be said about the entire US government at the time.

From September 1993 to October, 1994, the "Korea Desk" had only three effective officers to deal with both North and South Korea. The office director was of little help since he had never dealt with either Korea. The heaviest burden fell on the Deputy Director Lynn Turk, who spoke very good Korean and had extensive experience in South Korea and elsewhere in East Asia, and the North Korea affairs officer Kenneth Quinones, the only US diplomat who had visited North Korea until that time. Lynn Turk was compelled to concentrate on South Korea because the South Korea affairs officers were both in a state of duress. One's daughter had died from a long illness and the other was experiencing severe emotional problems. Unfortunately, the Office of Personnel failed for unknown reasons to provide qualified replacements.

Help did not arrive at the Korea Desk until after the Agreed Framework's signing. But Quinones moved in September 1994 to the Bureau of Intelligence and Research so that he could continue his liaison duties with the North Korean government. Three officers replaced him on the "Korea desk," but none had any experience dealing with North Korea. At the same time, the office director initiated preparations to retire from the Foreign Service.

Meanwhile, Gallucci was given the rank of ambassador and became the chief coordinator of North Korea policy. His focus eventually shifted early in 1995 to the establishment of KEDO while Hubbard worked with the South and North Korean governments to resolve their differences regarding the type of reactor to be built in North Korea.

KEDO'S Cousins

During the 1994-1995 winter months, implementation of the accords confidence building measures fell to Turk and Quinones. Turk took charge of the US-DPRK liaison office negotiations and related matters. Assisting him were two Foreign Service officers newly assigned to the Korea Desk. Quinones concentrated on providing the Secretary of State with political analysis about North Korea's intentions while advising ACDA officials on how to deal with the North Koreans and to make arrangements for the first US visit to the Yongbyon Nuclear Research Center.

Prior to KEDO's formal establishment in March 1995, Turk initiated negotiations with North Korea regarding the establishment of liaison offices by each side in the other nation's capital. It was hoped that the opening of these offices would facilitate direct diplomatic dialogue, ease mutual suspicions and promote cooperation vital for implementation of the agreement. The first negotiations convened in Washington in early December 1994.

The talks went well, but a blunder by a U.S. Army helicopter pilot undermined the progress and excited mutual mistrust. When an American Army helicopter pilot became disoriented and flew his aircraft into North Korean airspace, the North Korean People's Army (KPA) promptly blew it out of the sky. The pilot was killed and his co-pilot taken prisoner. The ensuing crisis was resolved when Assistant Secretary Hubbard traveled to North Korea and signed an apology regarding the incident. Thereafter, however, progress toward the opening of liaison offices never resumed.

The other preliminary confidence building measure also quickly encountered formidable obstacles, but not in North Korea. Many months before KEDO was born, a team of representatives from the Arms Control and Disarmament Agency (ACDA), State Department officers (including the author), representatives of the Department of Energy and some nuclear technicians met their North Korean counterparts in Berlin, Germany in September 1994. Their objective was to determine how best to initiate implementation of three key elements of the Agreed Framework:

1. How would the US compensate North Korea for shutting down its nuclear reactor at the Yongbyon Nuclear Research Center located about one hundred kilometers due north of Pyongyang?
2. How would the US place the 8,000 spent nuclear fuel rods at Yongbyon into long term safe storage; and
3. What kind of nuclear reactor would the US provide to North Korea?

North Korea insisted on receiving compensation for the electricity that it would lose by shutting down its Yongbyon nuclear reactor. The US offered to build two conventional thermo power plants fueled by coal to generate an amount of electricity. North Korea's chief negotiator, Kim Jong-u, then chairman of the DPRK's Committee for the Promotion of External Trade, adamantly rejected this. Ultimately, the US conceded to the North Korean demand that the US annually supply 500,000 metric tons of heavy fuel oil (HFO) until the reactors to be built as part of the Agreed Framework went on line and began producing electricity.

Heavy Fuel Oil

The US also agreed to deliver the HFO on a scheduled basis to the port of Najin-Sonbong. The Soviet Union had years before built a thermo power plant there that burned HFO to generate electricity. The plant was close to North Korea's industrial corridor that ran along the nation's northeast coast.

The Berlin Talks, however, failed to achieve agreement on the type of nuclear reactor to be built in North Korea. South Korea insisted that its version of a US based reactor be provided to North Korea since the US expected Seoul to pay most of the reactor's construction costs. North Korea adamantly rejected the offer and insisted upon a reactor that was completely of US design and origin. The disagreement did not obstruct the signing of the Agreed Framework, but it required a year of intense negotiations between KEDO and Pyongyang before the DPRK agreed to accept the South Korean design. Again, Washington's taxing of Seoul to pay for the Agreed Framework further complicated and delayed the Agreed Framework's implementation.⁷

Nevertheless, the Berlin Talks of September 1994 set the stage for the successful signing of the Agreed Framework in October 1994. The US promptly called on the DPRK to engage in negotiations in Pyongyang about how to put the nuclear spent fuel into long term storage. The talks convened in early November 1994 and made impressive progress. The US delegation was also able to visit Yongbyon, and take measurements and photographs to facilitate the design of equipment that would be needed to carry out what came to be known as the "spent fuel canning project."

Back in Washington, however, the lack of funds continued to hamper the accord's implementation. The US had promised the first delivery of HFO to the DPRK in December, 1994. But there were no funds to purchase the HFO until the Defense Department agreed to contribute \$5,000,000 toward the purchase. A South Korean supplier made the delivery and a potential crisis was averted. Nevertheless, a serious

problem was highlighted – there was no money available to purchase and pay for the shipment of HFO to North Korea.

Spent Fuel Project

At the same time, the Spent Fuel Project encountered the same reality. While North Korea was cooperating fully, Washington was unable to respond in kind because there was no money to fund its promises. As for KEDO, it remained more a dream than a reality.

The Spent Fuel Project nevertheless went forward. Relying on ACDA and DoE funding, the US negotiating team returned to Pyongyang in January 1995 to finalize the details of agreements and procedures that would govern the project. After the successful talks, a small team consisting of two American scientists, a State Department officer and an interpreter went to Yongbyon and worked there until early February. This work determined the essential needs for the spent fuel project. At the same time, DPRK officials in the Atomic Energy Agency, Korean People's Army (which controlled access to Yongbyon), and the Foreign Ministry further confirmed their government's willingness to facilitate implementation of the Agreed Framework.

But when the American team returned to Washington in February, 1995, they learned that further progress would have to wait for funding. In March, 1995, the US State Department representative on the Spent Fuel Project, Kenneth Quinones was dispatched to Congress to brief key House staff on the need for the funding and progress made thus far. The House Foreign Relations Committee Majority Staffer Peter Brookes summarily dismissed Quinones' briefing and insisted that Congress had already been told that no US funding would be needed to implement the Agreed Framework.

It was not until June 1995, primarily because of repeated effort by the Departments of Defense and Energy that sufficient funds were found to initiate the Spent Fuel Project. Initially the US government had promised in November 1994 that the project would commence in December. It was not until July 1995 that the project's essential equipment began to arrive at the Yongbyon Nuclear Research Center. The project was finally completed and all 8,000 spent fuel rods placed in safe storage in October 1997. At no time during the project did the DPRK government obstruct the project. The primary impediment from the beginning had been the lack of US funds for the project which ultimately cost less than \$30 million.

KEDO's Early Life

Whereas members of the Spent Fuel Team had to endure the bitter cold of Pyongyang and Yongbyon in January, KEDO's founders worked in comfortable offices in Washington and enjoyed wine and dining with their South Korean and Japanese colleagues. Then, as KEDO took form, the harsh early realities of initiating the Agreed Framework's implementation in North Korea faded from memory and the focus shifted to the much more comfortable endeavors in Washington and KEDO's New York office.

The KEDO concept was first suggested on a warm, humid July day in Geneva during the second round of US-DPRK nuclear in 1993. DPRK chief negotiator and First Vice Minister of Foreign Affairs Kang Sok-ju surprised his US counterparts. After a long and unproductive morning session, Kang returned from lunch to proclaim that his government was prepared to make a “magnanimous” offer. Pyongyang would remain a member of the Treaty on the Non-proliferation of Nuclear Weapons (NPT) and cooperate with the IAEA if the United States would provide the DPRK two light water nuclear reactors.

No one on the US team thought such a proposal could ever win support in Washington, D.C. The proposal was virtually identical with the Soviet Union’s 1985 promise to the DPRK. In exchange for North Korea’s signing the NPT, Moscow would build two nuclear reactors in the DPRK. Pyongyang did sign the treaty and Moscow did conduct a site survey at Shimpo on North Korea’s east coast, but the deal collapsed along with the Soviet Union.

When Kang proved adamant in his proposal, US chief negotiator Gallucci promised to do his best to promote the idea in Washington, D.C. He cautioned, however, that winning Washington’s support for the idea would be extremely difficult. Prior to the US negotiating team’s return to Washington, late night and early morning team chat sessions entertained suggestion on how the idea might be presented back home. Gradually, a consensus centered on the name “KEDO,” Korean Energy Development Organization. As for funding, early on it was suggested that South Korea and Japan could be the primary funding partners. After all, they would be the primary beneficiaries of any agreement that halted North Korea’s nuclear weapons program. Their contribution would be labeled part of their “burden sharing” with the United States’ efforts to ensure their national security.

The “KEDO” idea, however, did not win substantial support until the summer of 1994. In June, the United States and North Korea had come very close to colliding militarily over the nuclear issue. The Clinton Administration, under pressure at home to establish its foreign policy credentials with a major success, was increasingly eager to close a deal with Pyongyang. Seoul added to the pressure. President Kim Yong-sam was anxious to reduce tensions on the Korean Peninsula and to preserve his nation’s prosperity by avoiding a clash with North Korea. Japan’s government shared similar sentiments.

The “KEDO” concept won support in July and August 1994 when Gallucci and Hubbard visited Tokyo and Seoul. Tokyo sanctioned the concept but hesitated to commit to funding the project. ROK President Kim, however, offered to fund most of the nuclear reactor project, i.e. KEDO, because he saw it as a way to take control of the post-agreement process and use it to compel North Korea’s leadership to deal with him.

Surprisingly, KEDO by September 1994 had won the diplomatic support of Washington and Tokyo, and substantial financial support from Seoul. That left the need to win Pyongyang’s cooperation. As always, Pyongyang proved a hard sell. It was not until December 1995, one year after it had accepted the KEDO concept and nine months after KEDO formal birth in March that KEDO finally won Pyongyang’s cooperation.

Pyongyang's mistrust of Washington and Seoul initially was the foremost obstacle to KEDO's birth. From the start, North Korea insisted that the United States must have primary responsibility for the LWRs' construction. Also, it demanded that Washington serve as the LWR project's primary contact point. When Pyongyang learned that Washington expected Seoul to be the major source of funds, it objected. Matters became increasingly complex when Pyongyang learned that Washington supported Seoul's insistence that the reactors to be built for North Korea would be partially of South Korean design. Diplomatic dueling over these issues consumed a year of haggling and was not resolved until December 1995 when North Korea finally signed the reactor supply agreement with KEDO.⁸

Uneven but Steady Progress

The spent fuel canning and HFO projects continued their uneven progress into 1996. Funding was finally authorized for the "canning" project. Several tons of custom designed equipment began arriving at Yongbyon in the summer of 1996. The first priority went to "vacuuming" highly radioactive sludge from the bottom of the spent fuel pond. This was necessary to ensure clarity of the water so that the spent fuel rods, each about one meter long, could be counted. Then huge steel "boxes" were positioned on the bottom of the pool. These were to hold canisters that would each contain 21 fuel rods. Work platforms were assembled and placed into the storage pond.

North Korean technicians had to be trained first in nuclear safety practices. They were taught the importance of wearing protective clothing. Then they learned how to operate the equipment that would first pick up a single fuel rod, insert it into a cleaning mechanism and then put the rod into a storage canister. Once filled, the canister was sealed and positioned in the large steel "boxes." When a box had been filled, specially designed seals locked the canisters into the storage boxes.

Kerosene fueled generators, water filtration machines, vacuum machines, canisters, work stations, video cameras, an entire laboratory, safety equipment and clothing, etc. were all fabricated in the United States. They were then flown by air cargo to Beijing, China where everything was transferred to cargo aircraft leased from the North Korean air force. Each flight cost \$30,000, paid in cash in advance, for the flight to Pyongyang. Trucks were then loaded and driven the one hundred kilometers to Yongbyon.

The entire "canning" project required three years to complete. It began in January 1995 with analysis of the problem and finally concluded in the fall of 1997. Every detail of the process was negotiated and formalized in a set of "Record of Meetings." Work procedures, living arrangements, transportation and logistic, payment of expenses for personnel assistance, medical care, communications, etc. - every detail of the operation was negotiated in a series of sessions that began in November 1994 and ended in the summer of 1996. During the project's three years, six to eight American contract workers lived and worked at the Yongbyon Nuclear Research Center. A State or Energy Department volunteer often visited the site to resolve any disputes and to assess progress.

The project was a dress rehearsal for KEDO's LWR project. North Korea's cooperation was impressive to say the least. Numerous obstacles, misunderstandings and projects had to be overcome, but for the most part North Korean authorities worked cooperatively with their American counterparts.

Despite the "canning" projects' unprecedented success, KEDO officials largely ignored it but the North Koreans did not. They used the agreements forged for the "canning" project as precedent for the protocols formulated with KEDO.

HFO's Sputtering Start

Despite KEDO's June 1995 pledge to make regularly scheduled deliveries of HFO, KEDO continued to struggle to supply HFO throughout 1995, 1996 and 1997. The problem was the lack of funds to purchase the HFO and to pay the cost of delivering it. Initially loans secured by the Japanese government enabled KEDO to supply limited amounts of HFO to North Korea. Then the State Department dispatched Ambassador Paul Cleveland and his assistant on numerous fund raising trips to ask for contributions to KEDO's HFO fund. Several nations, including Russia, offered to help. Russia's offer was rejected, but offers from New Zealand, Australia, Canada, Chile, Argentina and eventually the European Union gained them membership in KEDO.⁹

North Korea repeatedly blamed its shortage of electricity on KEDO's uneven supply of HFO. Such claims, however, were groundless. North Korea's energy crisis was a consequence of its antiquated electricity generating and distribution facilities, and had nothing to do with KEDO's shortcomings. But blaming North Korea's problems on foreigners distanced Pyongyang's leadership from these problems and cast them as victims rather than the source of the problem.

Actually North Korea struggled to consume all the HFO it received. It insisted that the deliveries continue to be made to its northeast port of Najin-Sonbong. But the old power plants there simply could not burn the HFO. They broke down repeatedly and, because they were of Soviet-era design, repair was difficult to say the least. Eventually North Korea found it necessary to dig huge holes in the earth where the HFO was dumped once storage tanks had filled.

KEDO continued to struggle for survival until 1999. The main impediment was the lack of political support in Washington and Seoul. The contributions of Japan and other KEDO members prevented its collapse until 1999 when South Korea under President Kim Dae-jung became KEDO's primary supporter.

Humanitarian Assistance

KEDO also benefited indirectly from the international community's generosity in the form of food aid. North Korea's grain harvests began declining in the late 1980s. By 1994, the shortage of rice and corn had become a serious concern. Initially South Korea

and Japan addressed North Korea's food shortage with large gifts of rice in the summer of 1995. But torrential rains in August destroyed much of North Korea's grain harvest and the nation experienced a period of sporadic famine and pervasive food shortages that lasted until 1999.¹⁰

The United States was one of many nations that provided humanitarian assistance to North Korea between 1995 and 2000. It quickly became the largest donor of food aid by 1996. American based humanitarian non-government organization's (NGOs) also pioneered a diverse variety of humanitarian projects in North Korea. These activities received US government encouragement and, in July 1997, were formalized into the Private Voluntary Organization Consortium or PVOC. Six to eight representatives of different NGOs took up residence in Pyongyang to monitor North Korea's distribution of US government funded food aid. The US Agency of International Development paid the PVOC's operational costs. The program proved highly successful, albeit somewhat controversial, until the summer of 2000 when it's Congressional critics halted funding for it.

The North Korean government greatly appreciated the humanitarian aid provided by the United States, both the government and private organizations. The effort fostered widespread goodwill for Americans in North Korea. It may even have restrained Pyongyang's criticism of the United States' faltering implementation of the Agreed Framework.

Pyongyang Blunders – the 1996 Submarine Incident

Pyongyang proved unable or unwilling to restrain its mistrust of President Kim Yong-sam and his administration. For unknown reasons North Korea dispatched a commando-laden submarine to South Korea's east coast in September 1996. After the commandoes had disembarked on the coast, the submarine ran aground. Despite South Korea's impressive and extensive defense establishment, the submarine was discovered by a taxi driver. Subsequent discovery that North Korean commandoes had landed sparked outrage and near panic in South Korea. When all but one of the commandoes was found dead and the survivor apprehended, the immediate crisis subsided.

The incident had pervasive political consequences. Foremost, the incident rekindled suspicions about North Korea's trustworthiness and its ultimate intentions. It reinforced the view that North Korea was pursuing a dual track of appearing to transform itself into a respected member of the international community but at the same time continuing its orthodox unsavory conduct. President Kim, supported by the people of South Korea, lashed out at North Korea for its insincerity and duplicity. The United States and Japan promptly echoed South Korea's outrage and shut down all projects with North Korea. The activities of KEDO, the spent fuel canning project and the US Army's search and recovery of Korean War remains were all suspended. Only an unprecedented North Korean public apology, negotiated by the United States, to South Korea resolved the matter. Distrust of North Korea, however, lingered, particularly among Washington and Seoul's critics of the Agreed Framework.

KEDO Goes to Work

KEDO did not actually begin work at the Kumho construction site until its ground breaking ceremony on August 19, 1997, more than three years after its founding. No sooner had it initiated the construction of the LWRs than the Asian Financial Crisis spread to South Korea. The crisis, sparked by the huge debts East Asia's rapidly growing economies had developed over the previous decade, thoroughly disrupted government spending in Thailand, South Korea and other previously prosperous developing economies. Intervention by the International Monetary Fund (IMF) prevented a global financial crisis and stabilized the situation. The IMF also attached mandatory reforms to the loans it made to the adversely affected economies.

KEDO's work was further disrupted by the crisis. The South Korean government had given the Preliminary Work Contract (PWC) to the Korea Electric Power Company (KEPCO) to prepare the Kumho site in North Korea for the LWR project. Port facilities had to be built, workers dormitories, offices and cafeteria had to be constructed, electricity generating facilities built and roads paved. Despite the financial crisis, KEPCO in December 1997 began its work with the understanding that it would be duly compensated.

Sunshine Diplomacy

Kim Dae-jung's victory in South Korea 1997 presidential election ushered in "sunshine diplomacy" and a new era in North-South Korea relations. President Kim's efforts undoubtedly prolonged the life of the Agreed Framework and KEDO.

By August 1997, North Korea's foreign ministry informed the State Department that Pyongyang was running out of patient with Washington's uneven implementation of the Agreed Framework. North Korean diplomats were telling their American counterparts that their leader Kim Jong Il was listening more closely to the criticism and advice of his generals than his diplomats.

Pyongyang had long used the flow of HFO as an indication of Washington's earnestness in fulfilling its promises under the Agreed Framework. The unsteady flow of HFO had become increasingly unreliable, something Pyongyang's critics of the accord repeatedly cited as evidence of waning US commitment. Pyongyang repeatedly asked for the US president or secretary of state to make a public statement supportive of the Agreed Framework. But President Clinton was then preoccupied with his own personal and political crisis while the secretary of state concentrated on other pressing matters. At the same time, there was an increasingly vocal chorus of critics in Congress who wanted the United States to distance itself from the Agreed Framework. Pyongyang's August 31, 1998 launching of a Taepodong multi-stage ballistic missile over northern Honshu Island of Japan intensified criticism of the Agreed Framework in Washington, Tokyo and Seoul. By then it had become viewed as "appeasement" that prolonged the rule of Kim Jong Il's despotic regime.

President Kim Dae-jung's "sunshine diplomacy" took root in this hostile atmosphere. Quite astutely, he first garnered international support for his strategy during visits to Beijing, Tokyo, Moscow and Washington. For the first time, South Korea had won support from all four superpowers for its strategy to deal with North Korea. While advocating resolute support for maintaining military deterrence aimed at North Korea, he sought to engage North Korea in a conciliatory manner. One of his more important steps in this regard was to pledge that his administration would fund 70% of the estimated \$4.6 billion cost of the KEDO LWR construction cost. Japan joined by promising \$1 billion and the European Union offered Euro 75 million for KEDO's operational costs over a five year period. At long last, almost four years after its establishment, KEDO achieved a sound financial basis. President Kim had resolved KEDO's financial crisis, but thereafter the organization's survival increasingly hinged on politics in Washington.

Slippery Slope to Demise

The Clinton Administration sought to align itself more closely with Kim Dae-jung's sunshine diplomacy in 1999 and 2000. The effort was admirable but possibly too tardy to reverse the U.S. Congress' increasing skepticism about the Agreed Framework. Pyongyang meanwhile did little to salvage the situation.

North Korea's military exchanges with Pakistan and refusal to negotiate a deal to end its ballistic missile exports intensified suspicions in Washington regarding Pyongyang's ultimate intentions. Some in Washington concluded that Pyongyang was pretending to be nice to gain food and other material assistance while secretly pursuing nuclear weapons development. This suspicion leaked into the American press in August 1998 and excited allegations that North Korea was building a secret underground nuclear site. Eventual US inspect of the site in May 1999 proved the suspicions were groundless.

Nevertheless, the suspicions persisted. Some in Congress accused North Korea of diverting HFO for use by its armed forces. KEDO's installation of meters to measure the flow of HFO into and out of North Korea's storage tanks demonstrated that such diversion is marginal at most. Similarly, North Korea was accused of diverting US food aid to the North Korean army instead of the intended beneficiaries, North Korea's civilian population. Again, monitoring by American humanitarian works and an increasing number of international monitors proved that any diversion was relatively insignificant. North Korea was not entirely innocent in every case, but equally certain was the fact that most of the allegations against it were exaggerated.

The Republican controlled Congress, however, passed measures designed to limit the extent to which President Clinton could fund the Agreed Framework's implementation and supply food aid to North Korea. Rather than building mutual trust, the Agreed Framework's implementation became the source of growing mistrust.¹¹

KEDO forged ahead. On December 15, 1999, KEDO finally signed its turnkey contract with KEPCO. At long last, actual construction of an LWR in North Korea was scheduled

to commence on February 3, 2000. Unfortunately for KEDO and its project, a protocol negotiated earlier between KEDO and North Korea had projected completion of the first LWR in 2003. Originally, 2003 had been estimated as the completion date based upon initial assumptions that construction would commence in 1995 or 1996. But when that proved impossible, the original date was never adjusted. Since the turnkey contract was not signed until December 1999, at least three years later than originally anticipated, completion of first LWR by 2003 would be impossible.¹²

North Korea subsequently argued that the United States and/or KEDO should compensate it for the tardy LWR delivery by building North Korea two conventional thermo power plants. Pyongyang also demanded that KEDO provide the funds needed to modernize North Korea's dilapidated and outdated electrical grid system. These demands were repeatedly rejected, but they further fueled criticism in Washington and Seoul of the Agreed Framework.

The growing chorus of critics in Washington was reflected in the so-called "Armitage Report" of March 1999. Former Defense Assistant Secretary Armitage had convened a working group in Washington that consisted of selected Republican critics of the Agreed Framework and the Clinton Administration's approaches to North Korea. Included were prominent "neo-conservatives" like Ambassador Paul Wolfowitz, the future Deputy Secretary of Defense, House International Relations Majority Staffer Peter Brookes, the future Defense Assistant Secretary for East Asia and Michael Green, the future National Security Council Adviser for East Asia, among others. Their report claimed that, "Arguably, the Agreed Framework was a necessary but not sufficient response to the multiple security challenges posed by North Korea." It claimed that the Agreed Framework was based on faulty assumptions that enabled North Korea to endure as a threat to the United States and its allies Japan and South Korea. Congressman Benjamin Gilman, chairman of the House International Relations Committee, embraced the "Armitage Report," as did numerous other influential members of Congress.¹³

Flickering Hope

Pyongyang belatedly attempted to revive trust with Washington toward the end of 1999. After numerous inconclusive rounds of talks aimed at ending North Korea's export of ballistic missiles, Pyongyang finally pledged to stop testing its ballistic missiles during talks with the United States in Berlin in September 1999. Looking back, the gesture now appears to have been too little too late to revive US Congressional support for the Agreed Framework.

Of greater consequence was the first North-South Korean summit that convened in Pyongyang in June 2000. The meeting between South Korean President Kim Dae-jung and North Korea's Supreme Commander Kim Jong Il surprised and thrilled the international community. It suggested that sunshine diplomacy could work and that North Korea could be nudged toward becoming a respectable member of the international community.

Washington reacted by trying to play catch up to South Korea's reconciliation strategy. Pyongyang and Washington exchanged high level visits in October 2000. The meetings, their symbolism and rhetoric suggested that the Agreed Framework could still work. But two developments quickly deflated this optimism.

In November 2000, representatives of the United States and North Korea met in Kuala Lumpur to try once again to forge an agreement to end North Koreans ballistic missile sales and development. The meeting once again ended inconclusively. Pyongyang reportedly refused to specify which ballistic missiles it would stop exporting and developing.

A few weeks later, the Republican Party claimed victory in the 2000 US presidential election. The new US President during the campaign had repeatedly alleged that the Agreed Framework was an example of Clinton Administration "appeasement," termed North Korea a "failed state," and labeled its ruler a tyrant. Jokingly, but quite accurately, "Korea watchers labeled new Bush Administration's approach toward North Korea "ABC," or "anything but Clinton." ¹⁴

President Bush's rhetoric toward North Korea and its leadership first eroded the waning trust previously forged by the Agreed Framework, and then intensified mutual hostility. In December 2001, he identified North Korea as a potential target of his new "pre-emptive strike" strategy aimed at countering the proliferation of weapons of mass destruction by claiming that the United States had the right to attack any nation that it felt threatened its national security. Then in his January 2002 State of the Union speech, President Bush identified North Korea as one of four nations he alleged belonged to an "axis of evil."

Meanwhile suspicions that North Korea had secretly resumed its nuclear weapons development program, a violation of the Agreed Framework if accurate, convinced President Bush to issue an April 1, 2002 Presidential Determination in which he declined to certify that North Korea was in compliance with the Agreed Framework. This action suspended further US funding for KEDO. ¹⁵

KEDO's efforts peaked in 2002 and then rapidly declined. In April, KEDO's contractor KEPCO completed construction of dock facilities at Kumho. This allowed the transport by sea of heavy equipment and construction materials from South Korea directly to the LWR construction site. By August 2002, KEPCO began pouring concrete for the first LWR's foundation at Kumho.

Bush Administration distrust of Kim Jong Il's government climaxed, however, in October 2002. A US diplomatic delegation headed by State Department Assistant Secretary of State for East Asian and Pacific Affairs James Kelly traveled to Pyongyang in early October 2002. This was the Bush Administration's first endeavor to engage North Korea in substantive diplomatic dialogue. When Kelly asked his North Korean counterpart Kim Gye Kwan whether Pyongyang had initiated a clandestine program to produce highly enriched uranium (HEU), Kim initially denied this. (North Korea had previously pledged not to engage in such activities as part of the Agreed Framework

which also mandated that North Korea observe the terms of the 1992 Joint North-South Declaration on the De-nuclearization of the Korean Peninsula.)

When the talks resumed the next day, North Korea's first Vice Minister of Foreign Affairs and chief negotiator at the Agreed Framework talks, Kang Sok-ju, reportedly reading from a prepared statement, admitted that his government had an HEU program. The outraged US delegation abruptly walked out of the talks. Unfortunately no one on the US side attempted to obtain a copy of Kang's statement. Later North Korea issued a formal public statement denying that Kang had made such an admission. But it was too late. The US delegation had departed Pyongyang without seeking further clarification. Mistrust on both sides had finally boiled over into mutual hostility.¹⁶

Back in Washington, D.C., the Bush Administration kept the matter quiet until October 16. National Security Council adviser on nuclear proliferation affairs, Robert Joseph, "leaked" the story to selected journalists. He claimed that the Bush Administration had determined that North Korea had committed a "material breach" of the Agreed Framework. That afternoon Joseph briefed journalists from the *New York Times*, *Chicago Tribune*, *USA Today*, *Washington Post* and *Los Angeles Times*.¹⁷

Thereafter, the Bush Administration successfully convinced KEDO's board of directors that resolute action was needed to convince North Korea to halt its clandestine nuclear activities and return to compliance with the Agreed Framework. On November 14, KEDO suspended its HFO shipments to North Korea. One week later, KEDO halted all its activities, including construction of the LWR at Kumho.

South Korea's financial support for KEDO continued until 2006, but KEDO never resumed its work in North Korea. At first, North Korea allowed KEDO to maintain a token staff at the construction site, but no work was conducted. Finally when KEDO ceased to exist in 2006, North Korea claimed ownership of the partially constructed LWR and its facilities.

Conclusion

KEDO was the child and victim of adversity. The organization was inseparable from the agreement that established it and the political will that gradually forged it into a reality. The KEDO concept – an international organization designed to replace a nuclear weapons program with a peaceful nuclear power program – was innovative to say the least. It was also a highly creative effort to bridge the half century gap between Korea's two belligerent halves. Looking back to 1994, when KEDO was first conceived, we must recall that North-South Korea relations consisted of intense animosity and mistrust. Dialogue had given way to hostility and collaboration to rivalry.

The Agreed Framework successfully bridged that gap between 1994 and 2000. It began by halting North Korea's nuclear weapons program, restoring international monitoring of its secret facilities and tempering hostility between Pyongyang and Washington. The framework's several confidence building measures, beginning with the spent fuel canning

project in January 1995, demonstrated that Americans and North Koreans could work together and accomplish tasks of mutual benefit. The Defense Department's Joint Recovery Operations with the Korean People's Army added further evidence of this beginning in June 1996. Eventually KEDO contributed further evidence that the Agreed Framework could bridge the gap of mistrust between Washington and Pyongyang, and even between Seoul and Pyongyang.

Ultimately, the Agreed Framework, including KEDO, proved unable to bridge the gap. The problem was not the agreement or its confidence building measures such as KEDO. Rather, from the beginning, the accord's implementation was severely hampered by a lack of political commitment in Washington and Seoul. While Washington was reluctant to fund the project, Seoul was unwilling to support the project politically. This eroded Pyongyang's commitment to the agreement. Subsequent blunders by Pyongyang rekindled mistrust.

Ultimately the Agreed Framework and KEDO collapsed because of a lack of trust between Washington, Seoul and Pyongyang. The accord and KEDO had successfully built trust between 1994 and 2000, but the politicians in each capital had contributed to the erosion of that trust.

**Korea Peninsula Energy Development Organization
(KEDO)**

Chronology

- September 15, 1994 US-DPRK talks in Berlin regarding type of nuclear reactor and heavy fuel oil to be supplied to the DPRK.
- October 21, 1994 US-DPRK Agreed Framework signed.
- November, 1994 Republican Party wins control of the US Congress
- First Spent Fuel Storage talks convene in Pyongyang and first U.S. visit to Yongbyon Nuclear Research Center.
- December 5, 1994 First shipment of heavy fuel oil (HFO) arrives at Najin-sonbong, DPRK.
- December 10, 1994 US-DPRK Liaison Office talks end in Washington, D.C.
- December 12, 1994 DPR Korean People's Army shoots down U.S. Army Helicopter north of the DMZ, U.S. pilot killed.
- December 20, 1994 KPA shot down US Army helicopter over North Korea.
- January 1995 Four member U.S. scientific team, including State Department Officer C. Kenneth Quinones, begins three week stay at Yongbyon Nuclear Research Center.
- February 1995 U.S. State Department relaxes selected sanctions (telephone calls to the DPRK from the USA, use of credit cards in the DPRK and US import of DPRK magnetite), but Treasury Department delays implementation.
- March 9, 1995 Korea Peninsula Development Organization established in New York City. (Name later changed to Korea Peninsula Energy Development Organization.)
- March 19, 1995 First KEDO board meeting convenes in New York. Ambassador Stephen Bosworth named first director.
- June 10, 1995 U.S. Spent Fuel Team installs water chillers at Yongbyon Nuclear Research Center to slow the release of radioactive hydrogen gas in the spent fuel pond.

<u>July 1995</u>	U.S. Spent Fuel Team installed equipment and generators at Yongbyon Nuclear Research Center to initiate “canning” process.
<u>August 1995</u>	Torrential rains cause extensive flooding and damage to crops in North Korea. The Republic of Korea and Japan send large amounts of rice as food aid to the DPRK.
<u>September 1995</u>	U.S. Spent Fuel team commences vacuuming sludge from spent fuel storage pond at Yongbyon. UN World Food Program (WFP) opens an office in Pyongyang and U.S. State Department dispatches humanitarian aid to the DPRK.
<u>Sept. 19, 1995</u>	Australia joins KEDO.
<u>Nov. 24, 1995</u>	Canada joins KEDO.
<u>Dec. 15, 1995</u>	KEDO-DPRK Reactor Supply contract signed.
<u>1996</u>	KEDO-DPRK negotiate protocols governing judicial procedures, communication and transportation.
<u>January 1996</u>	US Defense Department (DoD) and DPRK Korean People’s Army (KPA) meet in Honolulu, Hawaii to negotiate terms for the joint recovery of US Korean War remains from North Korea. Talks prove inconclusive.
<u>April 1, 1996</u>	Presidents Kim Yong-sam (ROK) and Clinton (USA) jointly announced Four Party Talks initiative. DPRK, surprising the ROK, asked to be briefed on the details.
<u>April 21-22, 1996</u>	First round of US-DPRK ballistic missile talks end without progress.
<u>May 14, 1996</u>	DoD and KPA sign agreement in New York regarding the joint search and recovering of US Korean War dead remains in North Korea.
<u>June 12-15, 1996</u>	DoD-KPA talks in Pyongyang to prepare for first Joint Recovery Operation (JRO).
<u>July 4-30, 1996</u>	First DoD-KPA JRO conducted near Unsan, DPRK.
<u>July and Sept. 1996</u>	Chile and Argentina join KEDO.
<u>September 1996</u>	North Korea submarine delivers commandoes into South Korea

and runs aground near Kangnung on South Korea's east coast.

Sept.-Dec. 1996

North-South Korea tensions intensify because of the "submarine incident." All US-DPRK cooperation suspended.

Dec. 1996

US-DPRK talks resolve the "submarine incident," and the DPRK makes its first ever public apology to the ROK.

January 1997

U.S. Spent Fuel Team begins placement of spent fuel rods (canning) in long term safe storage under International Atomic Energy Agency (IAEA) monitoring.

Asian Financial Crisis sweeps across Southeast and East Asia, Severely disrupting all commercial and government activities in the region.

KEDO-DPRK protocols governing site take-over, logistics and non-payment arrangements concluded.

June 11-13, 1997

Second round of US-DPRK ballistic missiles ends inconclusively.

July 1997

Second DoD-KPA JRO conducted successfully.

Four Party Talks convene in Geneva between North and South Korea, the United States and China.

US Agency for International Development authorizes Mercy Corps International to organize the Private Voluntary Organizations Consortium (PVOC) to monitor the distribution of US government food aid in the DPRK. Representatives of six US humanitarian non-governmental organizations (NGO) take up residency in Pyongyang.

August 19, 1997

KEDO conducts ground breaking ceremony at Kumho nuclear reactor site in North Korea. Four Party Talks (ROK, DPRK, China and USA convene in Geneva.)

Sept. 19 & 25, 1997

European Union and Poland join KEDO.

October 1997

Third DoD-KPA JRO conducted.

US Spent Fuel Team completes "canning" at Yongbyon.

December 1997

KEDO and Korea Electric Power Company (KEPCO) sign Preliminary Work Contract (PWC) to commence work at Kumho reactor site.

Kim Dae-jung elected president of the Republic of Korea (ROK).

February 25, 1998 Kim Dae-jung inaugurated ROK president and initiates “sunshine diplomacy.” President Kim does not continue the Four Party Talks.

April 17, 1998 US imposes sanctions on the DPRK and Pakistan for Pyongyang’s provision of missile technology.

August 31, 1998 DPRK’s first Taepodong multi-stage missile test fails.

October 1, 1998 Third round of US-DPRK ballistic missile talks end inconclusively.

November 9, 1998 KEDO Board of Director agrees on a division of costs for the reactor construction project. Of the estimated \$4.6 billion cost, South Korea agrees to fund 70%, Japan pledges \$1 billion and the European Union pledges to provide Euro 75 million for operational costs over a five year period.

November 12, 1998 Former Defense Secretary William Perry appointed North Korea Policy Coordinator.

Dec. 4-11, 1998 US-DPRK talks reach agreement for US inspection of the Kumjangni suspected nuclear site. In exchange for food aid, the DPRK will allow a US team to visit the site.

February 9, 1999 Czech Republic joins KEDO.

March 4, 1999 The so-called “Armitage Report” severely criticizes Clinton Administration policy toward North Korea.

March 29-31, 1999 Fourth round of US-DPRK missile talks ends inconclusively.

April 25, 1999 First Trilateral Coordination and Oversight Group (TCOG) meeting between the US, ROK and Japan convenes.

May 20-24, 1999 US team inspects Kumjangni suspected nuclear site and finds nothing.

May 25-28, 1999 Chief North Korea Policy Coordinator William Perry visit the DPRK.

Sept. 7-12, 1999 US-DPRK ballistic missile talks produce DPRK Moratorium on the testing of ballistic missiles.

<u>Sept. 15, 1999</u>	William Perry delivers report to Congress.
<u>December 15, 1999</u>	KEDO-KEPCO sign the reactor Turnkey Contract (TKC) which took effect February 3, 2000.
<u>June 15, 2000</u>	ROK President Kim Dae-jung meets DPRK Supreme Commander Kim Jong Il in Pyongyang.
<u>June 19, 2000</u>	US relaxes selected sanctions on the DPRK.
<u>July 12, 2000</u>	Sixth round of US-DPRK ballistic missile talks end inconclusively.
<u>Sept. 27, 2000</u>	Joint US-DPRK statement on terrorism.
<u>Oct. 9-12, 2000</u>	DPRK Field Marshal Jo Myong-rok visits Washington, D.C.
<u>Oct. 22-24, 2000</u>	US Secretary of State Albright visits Pyongyang.
<u>Dec. 11, 2000</u>	Uzbekistan joins KEDO.
<u>December 2000</u>	Supreme Court designates George W. Bush victor in US presidential election.
<u>January 20, 2001</u>	President Bush inaugurated.
<u>February 2001</u>	Bush initiates review of North Korea policy.
<u>March 2001</u>	Presidents Bush and Kim Dae-jung hold first summit.
<u>June 6, 2001</u>	President Bush offers to engage the DPRK in dialogue but rules out negotiations.
<u>Sept. 1, 2001</u>	KEDO initiates land grading at Kumho.
<u>Sept. 11, 2001</u>	Al Qaeda attacks US.
<u>December 2001</u>	Bush Administration declares right to pre-emptive attack on any nation that threatens US national security. The DPRK is designated a potential target.
<u>January 21, 2002</u>	Bush declares the DPRK a member of the “axis of evil.”
<u>April 1, 2002</u>	Bush refuses to certify that North Korea is in compliance with the Agreed Framework, halting US funding for KEDO.
<u>April 2002</u>	KEDO completes dock facilities at Kumho.

- August 7, 2002 KEDO begins pouring concrete for reactor foundation at Kumho.
- June 5, 2002 KEDO began training at the Kumho site of 129 of the 529 DPRK personnel in the operation and maintenance of the nuclear reactors and its supporting facilities.
- July 9, 2002 KEDO initiates direct flights from Yangyang Airport in South Korea and Sondok Airport in North Korea.
- Sept. 7, 2002 Japanese Prime Minister Koizumi visits Pyongyang and affirms moratorium on ballistic missile tests..
- Oct. 3-5, 2002 US State Department Assistant Secretary Kelly heads a delegation to Pyongyang and is told that the DPRK has a highly enriched uranium (HEU) program in violation of both the 1992 Joint North-South Korea Declaration on the De-nuclearization of the Korean Peninsula. And the US-DPRK Agreed Framework.
- Oct. 16, 2002 Bush Administration declares that the DPRK is in “material” violation of the Agreed Framework.
- Nov. 14, 2002 KEDO suspends heavy fuel oil (HFO) shipments to the DPRK.
- Dec. 12, 2002 DPRK informs the IAEA it will restart its nuclear reactor.
- Dec. 27, 2002 DPRK expels IAEA inspectors.
- Jan. 10, 2003 DPRK withdraws from the Treaty on the Non-proliferation of Nuclear Weapons (NPT).
- April 23-25, 2003 “Three Party Talks” convene in Beijing between the US, China and the DPRK.
- Aug. 27-29, 2003 Six Party Talks between China, Japan, the two Koreas, Russia and the USA commence in Beijing to seek a peaceful diplomatic end to North Korea’s nuclear program.
- Nov. 21, 2003 KEDO Board of Directors suspends all activities effective for one year beginning December 1, 2003.
- March 26, 2004 KEDO announces the terms of its Memorandum of Understanding with the DPRK regarding preservation and maintenance of the Kumho work site and facilities.
- Nov. 26, 2004 KEDO’s board renews suspension of activities until December 1,

2004.

January 6, 2006

KEDO withdrew all its personnel from the Kumho construction site located thirty kilometers north of Sinpo, South Hamgyong Province on North Korea's east coast.

Soon after KEDO ceased to exist as a functioning entity.

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¹ KEDO's official reports can be found at: www.kedo.org.

² For a discussion of the prelude to the US-North Korea nuclear negotiations of 1993-94 that formulated the Agreed Framework, see: C. Kenneth Quinones, "North Korea: From Containment to Engagement," in: Dae-sook Suh and Chae-jin Lee, editors, *North Korea After Kim Il Sung*. London: Lynne Rienner Publishers, Inc., 1998.

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⁶ Much of the information about the early implementation of the Agreed Framework, KEDO's establishment, etc. is based on the author's personal experience first as the North Korea officer in the Office of Korea Affairs, Bureau of East Asian and Pacific Affairs, then as a member of the U.S. Spent Fuel Team working in North Korea and the North Korea political analyst for the State Department's Bureau of Intelligence and Research, East Asia Division.

⁷ The author participated in this September 1994 talks and maintained a personal journal.

⁸ See: "Agreement on the Establishment of the Korean Peninsula Energy Development Organization (March 9, 1995); "Joint U.S.-DORK Press Statement (Kuala Lumpur, June 13, 1995); and "Agreement on Supply of a Light-water Reactor Project to the DPRK Between KEDO and the Government of the DPRK (December 15, 1995). Also see: Center for Nonproliferation Studies, Monterey Institute for International Studies, "Korean Peninsula Energy Development Organization." Monterey, CA: 2002.

⁹ See KEDO's *Annual Reports, 2001-2004*. In June 1995, KEDO and North Korea's Foreign Ministry agreed upon a schedule for HFO deliveries. KEDO proved unable to keep the schedule. The author was present when this agreement was formulated and monitored KEDO's HFO deliveries from June 1995 until his departure from the State Department in October 1997.

¹⁰ C. Kenneth Quinones, "The American NGO Experience in North Korea – A Preliminary Assessment, *Proceedings of the First World Congress on Korean Studies*, The Academy of Korean Studies (July 2002). Marl Manyin, "U.S. Assistance to North Korea: Fact Sheet," Washington, D.C.: Congressional Research Service, 2005.

¹¹ See note five above. Also see: U.S. House of Representative's Report 105-825, "Making Omnibus Consolidated and Emergency Supplemental Appropriations for Fiscal Year 1999, Sec. 582. Korean Peninsula Energy Development Organization. <http://thomas.loc.gov>; and U.S. Institute of Peace, *Special Report: Mistrust and the Korean Peninsula – Dangers of Miscalculation*. www.usip.org; and Global Reporting Network, "Politics and the Agreed Framework: North Korean Deal on Thin Ice?" www.bu.edu/globalbeat.

¹² www.kedo.org. In October 1994, just after the Agreed Framework was signed, the author and then Assistant Secretary Gallucci's deputy drafted the first schedule of anticipated mile stones in the agreement's implementation. We estimated, based upon construction starting no later than 1996, the first LWR would be completed by 2003. Unfortunately, KEDO staff negotiated the "Agreement on Supply of a

LWR Project to the DPRK ...,” without adjusting the date for the LWR’s completion. See the December 15, 1995 agreement, Article III, paragraph 1 which states, “ KEDO shall develop a delivery schedule for the LWR project aimed at achieving a completion date of 2003.” Beginning in 1998, KEDO’s inability to fulfill this promise became a major irritant in its relationship with North Korea.

¹³ See notes five and eleven above.

¹⁴ C. Kenneth Quinones, “Dualism in the Bush Administration’s North Korea Policy,” *Asian Perspective*, Volume 27, No. 1 (2003) 197-224.

¹⁵ Presidential Determination No. 2002-12 (April 1, 2002). www.presidency.ucsb.edu. Also see: U.S. Congress, 1st Session, January 13, 2003, S.145 to prohibit certain assistance to North Korea or the Korean Peninsula Development Organization and other purposes. <http://thomas.loc.gov>.

¹⁶ Based on conversations with three of the delegation’s members.

¹⁷ Based on conversations with one of the journalists involved.