

U.S.-DPRK NUCLEAR ACCORD AND KEDO*

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To understand the political significance of the U.S.-DPRK nuclear accord, the paper first addresses how the adversarial relations were turned into a cooperative endeavor between Washington and Pyongyang, followed by an analysis and evaluation of the terms of the Geneva agreed framework and KEDO. The agreed framework is a less-than-perfect solution, like most diplomatic settlements, that is based on a quid-pro-quo proposition. Despite initial skepticism, the modus operandi of peace-building on the Korean peninsula represented by the Geneva accord is working out. KEDO was established as an instrument to implement the terms of the agreed framework. Its primary objectives are to provide for the financing and supply of (a) heavy oils to North Korea and (b) the construction of two light-water nuclear reactors by the year 2003. The paper discusses the workload and task expansion of KEDO, which represents an interesting institutional experiment in international diplomacy. KEDO has also become a central arm of the U.S. Clinton Administration's North Korea policy, in consultation and coordination with the ROK and Japan as KEDO's founding members.

*A revised version of the paper presented to the 17th World Congress of International Political Science Association, Seoul, August 16-20, 1997.

To settle the political controversy over North Korea's "suspected" nuclear weapon's program, the chief delegates of the United States (U.S.) and Democratic People's Republic of Korea (DPRK) concluded a nuclear accord which they chose to call the "Agreed Framework" rather than a formal treaty or an arms control agreement. This choice of wording was perhaps intentional, so as to bypass the political sensitivity and legal issues at stake, in the absence of diplomatic ties between the two countries. This formula was also politically expedient and acceptable to Bill Clinton's Administration, which faced mounting congressional opposition to nuclear deal-making with North Korea. The "Agreed Framework between the United States of America and the DPRK" of October 21, 1994, however, is no less significant than any other formal treaties customarily signed between two sovereign states or executive agreements negotiated between two established governments.

The Geneva "Agreed Framework" was in fact, well-conceived and carefully crafted with hefty political and legal connotations, perhaps more so than other similar executive agreements. U.S. President Bill Clinton had to write a separate letter of assurance for the nuclear accord at the insistence of the North Korean delegate. To certify the genuine intention of its implementation, Bill Clinton addressed a letter of assurance to the North Korean leader Kim Jong Il which became an integral part of the nuclear deal.

In addition, the United States established an international consortium called the Korean Peninsula Energy Development Organization (KEDO) as a means of implementing the terms of the "Agreed Framework." KEDO's three founding members consist of the Republic of Korea, Japan and the United States, with other associated members of the organization to be added subsequently. The European Atomic Energy Community (EURATOM) recently joined the organization, thereby establishing a link between KEDO and the European Union (EU). EURATOM has now become a member of the KEDO Executive Committee, together with the three founding members.

KEDO is clearly an inter-governmental organization (IGO) comprised of the international secretariat, with an executive director and government delegates of the sovereign states. Although billed as an "international consortium," with the

charge of implementing the terms of the “Agreed Framework,” KEDO possesses no less legal power and authority than any other existing inter-governmental agency or organization. KEDO seems to have created a new form of international organization, representing a new type of IGO, set up specifically for the purpose of problem solving in diplomacy. The KEDO-like bodies are established specifically to avoid or bypass delicate political and legal issues.

To understand the significance of the U.S.-DPRK nuclear accord, this paper will first address how the adversarial relationship was turned into a cooperative endeavor between Washington and Pyongyang, followed by an analysis and evaluation of the terms of the Geneva agreed framework and KEDO. KEDO, as a new experiment, may provide a prototype for future conflict resolution in international diplomacy in a world that is becoming increasingly interdependent with the complexity of issues added to the realm of international politics and economics.

The Road to Geneva

The Korean peninsula, after the Soviet empire collapsed in 1991, still remains the last frontier of Cold War politics. The escalating crisis over North Korea’s nuclear stand-off in 1994 was a manifestation of the unsettling climate and the Cold War atmosphere in regional politics of Asia. The signing of the U.S.-DPRK nuclear accord, however, has made the Korean peninsula less dangerous. The Geneva nuclear accord between the U.S. and North Korea, signed on October 21, 1994, brought about the “compromised” settlement of the nuclear issue.¹

It is not certain whether the DPRK is currently a nuclear-weapon state. Yet, communist North Korea has the capability and potential to become one on a short—notice—unless its ambitious nuclear development program is put on hold. In May 1994, North Korea’s 5-MWe experimental nuclear reactor in the Youngbyon complex, about 60 miles north of Pyongyang, yielded 8,000 fuel rods that could be reprocessed to yield weapons-grade plutonium, sufficient to manufacture 4 or 5 nuclear bombs. North Korea defied international pressure by going ahead and down-

loading its spent fuel, without the presence of IAEA inspectors. This intransigent act prompted the United States to ask the U.N. Security Council to move to impose economic sanctions. North Korea responded by stating that imposing these sanctions was tantamount to an act of war. The lines were drawn for the Korean crisis in the summer of 1994.²

What to do about the North Korean nuclear weapons program, as U.S. Secretary of Defense at the time William Perry noted, was perhaps the “most sobering and most important” decision of the Clinton Administration.³ According to Secretary Perry “North Korea had precipitated the recent crisis (in 1994) by unloading spent fuel rods from its existing reactor and making preparations to both reprocess them and reload the reactor. This would have given the North Koreans fuel for five or six nuclear bombs right away. And two larger reactors under construction would soon give them the capacity to make up to a dozen bombs per year.”⁴ On January 24, 1995 Secretary Perry testified before a Senate hearing that the U.S. seriously considered the option of conducting a preemptive military strike, in addition to that of imposing economic sanctions until North Korea relented.⁵

Previously, North Korea reported—under the IAEA safeguards measures it signed in January 1992—that 90 grams of plutonium were successfully obtained from what it calls radiochemical laboratory in Yongbyon. The subsequent IAEA regular inspection, however, found some discrepancies between the North Korean claim and the actual evidence, which needed further validation through additional inspection. The DPRK refused the IAEA request for access to two undeclared sites, to obtain samples of fuel wastes, on the grounds that they were military bases. The U.S. intelligence source estimates subsequently revealed that North Korea actually had obtained more plutonium (somewhere between 6-9 kilograms), an amount sufficient to enable North Korea to manufacture one or possibly two nuclear bombs.

In order to break the impasse former President Jimmy Carter went on a “private” mission to Pyongyang, on June 15-18, 1994. This led to the diplomatic opening for negotiations and a compromise settlement of the issue.⁶ In a subsequent meeting in Geneva on August 13, 1994, U.S.-DPRK negotiations produced

what was called an “Agreed Statement.” This adopted four points as the basis for resolving North Korea’s nuclear controversy that, in turn, provided the basis for the “Agreed Framework” between the U.S. and the DPRK signed on October 21, 1994. The gist of this accord is as follows:

In exchange for North Korea’s pledge to “freeze” and eventually “dismantle” its suspected nuclear weapons program, the U.S. promised North Korea it would provide two light water reactor (LWR) power stations to replace its graphite-moderated reactors. The graphite (and gas-cooled) reactors that North Korea possesses are known to be more prone to producing plutonium, which is the basic ingredient for manufacturing nuclear weapons. The U.S. also agreed to provide heavy oils to meet North Korea’s interim fuel needs for electricity generation until the LWRs become operational in the year 2003. North Korea, in addition, will receive the so-called “negative security assurance” (i.e., the U.S. will not initiate a nuclear attack or retaliate against the North) from the U.S. as well as diplomatic recognition, as the Geneva agreement provisions are implemented.⁷

Because of this decision by the U.S. Clinton Administration to use diplomacy, rather than force, or threat of force including economic sanctions, the crisis of the summer of 1994 was averted. U.S. Patriot missiles and Apache attack helicopters that had proven effective in the 1991 Gulf War desert storm operation, against the Iraqi forces, were dispatched and deployed in South Korea. The danger of the Korean crisis turning into another Korean War was real but avoided. Great relief and heightened expectations for peace and stability settled over the Korean peninsula.

Like most diplomatic negotiations and settlements, the Geneva “Agreed Framework” is a less-than-perfect solution based on a *quid-pro-quo* (i.e., give and take) proposition. It has not met all the negotiation demands or expectations of either side. Nonetheless, under the existing circumstances, the Geneva nuclear deal-making was perhaps “the best or the worst option” available (depending on one’s ideological stance). Former Secretary of State James A. Baker, III, testifying before the congressional committee (on January 12, 1995), stated that he was “opposed to the agreement... (because) it represented an abrupt change from a policy of carrots and sticks to one of carrots

only.” “Given its history, I don’t think this will work with North Korea,” Baker continued, “(A)nd it sent a dangerous message to other would-be (nuclear) proliferators in capitals like Teheran, Tripoli, or Baghdad.”

This interpretation of the nuclear accord is obviously not shared by the Clinton Administration. Defense Secretary William Perry, on January 24, 1995, wrote that: “No agreement is perfect, and critics can always complain that any pact could have been better. But before they attack the Framework Agreement, they should consider the costly and risky alternatives we faced last June, and compare them against Pyongyang’s thorough compliance with the agreement so far.” A future historian, obviously, will be in a better position to assess and evaluate the merit of this diplomatic settlement which, by nature, tends to be a mixture of both success and failure.

The “less-than-perfect” solution of the nuclear problem is evident when reading the agreement and the conjecture of the portion of the agreement not made public. The U.S., for instance, did not succeed in extracting a North Korean concession on the IAEA “special” inspection, which would have established nuclear transparency in terms of ascertaining the exact amount of plutonium that North Korea extracted from its 5MWe experimental station in Yongbyon in 1989. Likewise, North Korea tacitly consented to go along with the light water reactor using a South Korean model. In fact, this is the only viable option given the fact that South Korea is the only country willing to underwrite about 60% of the \$4 billion price tag attached to the LWR construction. North Korea’s desire to acquire a LWR from either West Germany or Russia did not materialize in view of the financial constraints. North Korea was also pressured to open dialogue and negotiations with South Korea.

The timetable for implementing the terms of the Geneva agreement was carefully designed and laid out progressively. First, within 3 months by January 20, 1995, North Korea was to have frozen the operation of its 5 MWe experimental nuclear reactor in Youngbyon, and suspended work on the 50 MWe and 200 MWe nuclear reactors under construction (the latter two were scheduled to be completed by 1995 and 1996, respectively). So far all these steps have been taken to the satisfaction of both sides under the watchful eye of the IAEA on-site inspection

team. Next, three months thereafter on April 20, 1995, the preparation for the establishment of an international consortium called KEDO (Korean Peninsula Energy Development Organization) was to be completed. The contract on the details of the construction of LWRs was also to be signed between KEDO and North Korea. Next, preparation was to begin for an exchange of liaison offices in the respective capitals. Finally, within 5 years and by 1999, the first LWR would be ready, and North Korea will receive the necessary equipment, technology, and funds to begin operation of a safe and efficient LWR for its energy needs.

Since the "agreed framework" took the form of a presidential "executive agreement," rather than a formal treaty (such as SALT I & II), the U.S. Senate did not need to give "advise and consent" under the U.S. Constitution. However, the terms of the agreement are controversial and subject to scrutiny by the Republican-dominant U.S. congress that began a series of congressional hearings in mid-January 1995. Some congressmen and senators demanded that the "agreed framework" be treated as a formal treaty; this move was resisted by the Clinton Administration but, because of the budgetary and appropriation clauses of the agreement, the U.S. Congress was inevitably drawn into the process of implementation and verification of the agreement.

Despite complexities and uncertainties involved, the Geneva agreement provided the basic framework and guidepost for future U.S.-DPRK relations. The agreed framework "is a good deal for the U.S. and the world community," as former Secretary of Defense William Perry claimed, and "it deserves a chance to work." The U.S. North Korea nuclear deal was perhaps, "the best solution under the worst circumstance" because the settlement is based on a common denominator and a willingness to strike a compromise based on a give-and-take settlement. As a result of this ingenious diplomatic settlement of the nuclear controversy, the United States and the DPRK have gone far enough toward the implementation of the terms of the Geneva Agreed Framework, that it will be difficult for either Washington or Pyongyang to back down. Hopefully, assuming that the agreement is faithfully carried out by both sides, as the DPRK will come out of its self-imposed isolation, there will be greater prospects for the eventual denuclearization and the establishment of peace on the Korean peninsula.

Risk-taking with the Agreed Framework

North Korea's suspected nuclear weapons program, and its defiance of the IAEA full inspection in 1993-94, led to the first post-Cold War nuclear crisis and showdown in the APEC region. Although North Korea's nuclear ambitions have been tamed momentarily by diplomatic means, the price tag attached is very high. While the Agreed Framework laid out the formula for settling the nuclear confrontation between the United States and the DPRK, KEDO has come to provide an institutional mechanism through which to implement the terms of the Agreed Framework. Also, while it is based on the principles of a *quid-pro-quo* and compromise settlement, the Agreed Framework with the DPRK contains built-in safeguard measures which are incorporated into the terms of KEDO's Supply Agreement to be carried out step by step.⁸

According to Leonard Spector of the Carnegie Endowment for International Peace, three questions about the Agreed Framework are important to answer: (1) Are LWRs more "proliferation resistant" than the gas-graphite reactors? (2) Is the Agreed Framework a dangerous precedent? and (3) Can the North Koreans be trusted?⁹ The answer to the first question is "yes" because the LWRs that North Korea is receiving are considerably less likely to contribute to proliferation than the gas-graphite units it now has, or has stopped building, because of timing, political and technical factors. It will be ten years before the first LWR comes on line for North Korea, and even if at that juncture they pose a proliferation risk, it will be comparatively less. Furthermore, the threat of North Korea obtaining a nuclear arsenal will be greatly reduced. LWRs must be fueled with low-enriched uranium, which North Korea cannot produce and has to rely on a foreign supplier. Reprocessing LWR spent fuel to obtain plutonium is considerably more complex than reprocessing spent fuel from gas-graphite reactors.

The answer to the second question is, for Spector, "unclear and ambiguous," but the North Korean case may be unique and similar circumstances that led to the Agreed Framework are unlikely to arise again. Therefore, there is no dangerous precedent likely to be established. The answer to the third question is probably "no," according to Spector, but the success and failure

will depend not so much on “trust” as on “performance.” As long as North Korea continues to perform, the freeze of the nuclear program as stipulated in the Agreed Framework, the United States will be successful in its efforts to curb the spread of nuclear weapons provided that Washington does its share of the bargaining.¹⁰

The fatal flaws in the Agreed Framework, according to Leonard Spector, are of two types. First, the Agreed Framework “postpones the IAEA 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. Secondly, the agreement fails to penalize the North for its bold refusal to permit the special inspections that the IAEA has sought since the fall of 1992, and for its blatant disregard of agency procedures during the May-June 1994 de-fueling of the five-megawatt reactor at Youngbyon.

Unfortunate as they are, these flaws can be compensated for the fact that “compliance with IAEA rules is not an end in itself” but rather “it is a means to an end, namely that of retarding the spread of nuclear weapons,” as Spector points out. Among the most important compensatory factors are that the Agreed Framework imposes “unusual restrictions on North Korea” that go beyond the normal requirements of the NPT. Under the NPT, states are permitted to build and operate any type of nuclear plant, regardless of 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.”¹¹ Moreover, 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 DPRK “has agreed not to reprocess spent fuel that it now possesses and to dismantle its reprocessing facility at Youngbyon.”¹²

Although prevented from implementing special inspections for a number of years, the IAEA 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 the dismantling called for by the agreement, as well as the shipment

out of North Korea of the existing stocks of spent fuel. Thus, according to Spector, while the agreement deals a blow to the agency's prestige in one respect, it bolsters the agency in other ways.

The IAEA may successfully have fulfilled its mission, in fact, by serving as the trigger for a very powerful international response to a new threat of proliferation. The IAEA 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.¹³

The IAEA and KEDO are both IGOs of different varieties but they complement each other in their common attempts to defuse the nuclear crisis on the Korean peninsula. Together they result in checkmating North Korea's nuclear intransigence and its brinkmanship in negotiation with relevant actors. Now that KEDO is fully in charge of implementing the terms of the U.S.-DPRK Agreed Framework, there is greater hope and assurance that the Korean security dilemma will begin to see a resolution through the next logical steps of imposing transparency rules in armament and confidence building measures.

Is KEDO a Trail-Blazer?

KEDO is an international consortium established, as already noted, for the purpose of implementing the terms of the Geneva "Agreed Framework" between the United States and the DPRK. On March 9, 1995, the KEDO came into existence with the adoption of its charter in New York, but its work did not begin until July. Although three countries are listed as the founding members (Japan, the Republic of Korea and the United States), other countries and international organizations have subsequently joined KEDO as associate members. As of the end of 1997 the following seven countries and one international organization have become KEDO's associate members: Argentina, Australia,

Canada, Chile, Finland, Indonesia, and New Zealand in addition to EURATOM, the atomic energy arm of the European Union (EU). The Commission of the European Communities pledged to contribute 1.5 million ECUs (European Currency Units, equivalent to approximately US \$17 million) to KEDO annually for the next five years, when the EU became an executive board member of KEDO on September 20, 1997.¹⁴ The EU's entry will not only help settle budget-related problems but also will raise the international status of KEDO. The EU is expected to play the role of a "junior member" rather than as a full member on KEDO's Executive Board and without the power to veto any steps already agreed upon by the three original members of the board.¹⁵

KEDO was founded initially to finance the shipment and delivery of heavy oils to North Korea on a regular basis. But, since the KEDO signing of the Supply Agreement with the DPRK, on December 15, 1995, the KEDO workload and activities have steadily expanded. In the first two years since its founding in 1995, the KEDO has been devoted primarily to the preparation and launching of the project for constructing the light-water reactors in North Korea. As part of these efforts a total of six related protocols and 18 additional documents related to their implementation have now been signed as of mid 1997.¹⁶

In 1996 and 1997, KEDO conducted seven site surveys of the project site for the construction of light-water reactors in North Korea. One survey team in 1996, for instance, consisted of one American, one Japanese and nineteen South Koreans. However, because of the North Korean submarine intrusion in September 1996 there was some delay in the site preparation for the construction of the plant for light water reactors. Finally, in July 1997, KEDO dispatched the equipment and personnel to the plant site near Shinpo, North Korea's East Coast. KEDO opened its branch office near the plant site on July 28, 1997 staffed by one American, two South Koreans and one Japanese official.¹⁷ This branch office will serve as a liaison office in the DPRK between the KEDO Secretariat, located in New York, and the DPRK General Bureau for the LWR Project. The groundbreaking ceremony for site preparation was finally held on August 19, 1997 at the project site in Kumho, South Hamgyong Province, on the East Coast of the DPRK, marking a major milestone in the

LWR project.

In March 1996, the Korea Electric Power Corporation (KEPCO) of the Republic of Korea was selected KEDO's prime contractor for the project. At the height of the LWR project, it is estimated that more than 7,000 people will work at the project site, including several thousand DPRK experts and laborers. In preparation for work, which will continue immediately following the groundbreaking ceremony, KEDO has already transported almost 100 experts and workers, and 9,000 tons of equipment to the site.¹⁸

KEDO represents an interesting institutional experiment in international diplomacy. The primary purposes of KEDO are two-fold: to provide (a) for the financing and supply of the LWR project in North Korea consisting of two reactors with a capacity of 1,000 ME(e) each and (b) for the supply of interim energy alternatives ... pending construction of the first LWR unit (Article II of the Charter of the KEDO). To realize these objectives KEDO will not only "evaluate and administer projects" but also "receive funds" and in-kind contributions from various sources including regular members of the organization (Article III). KEDO possesses the legal capacity to exercise such authority as entering into contracts and acquiring and disposing of personal properties as well as instituting legal proceedings. (Article XIII).

KEDO entered into numerous agreements with the DPRK that are deemed necessary for the supply of light-water reactors to the DPRK. These include such specific measures, as stipulated in Annex 1 of the Supply Agreement, for instance: site survey, site preparation, building infrastructure such as roads within the site boundary, access roads, barge docking facilities, a waterway, housing and related facilities for KEDO, its contractors and subcontractors. Facilities are needed to store the technical documents necessary for the operation and maintenance of the LWR plants in addition to power plant systems with equipment, laboratory, and radioactive waste storage. The Supply Agreement also mentions the technical support services for KEDO deemed necessary for the operation and maintenance of the first LWR plant for one year after completion of the LWR plant, in accordance with standard nuclear industry practice, including a comprehensive training program for the operation and maintenance of the LWR plants.¹⁹

The DPRK is also held responsible for the specific tasks of implementing Article 1(2) of the Supply Agreement. These tasks, under Annex 2 of the Supply Agreement, consist of such measures as: securing the site (land) for the LWR project, including relocation of population, stable supply of electricity for commissioning of the two LWR plants, access to existing harbor, rail and airport facilities in the vicinity of the site for the transportation of materials and equipment, communications lines to the LWR project site, and others.²⁰

The more important obligations of the DPRK are stipulated in Annex 3 of the Supply Agreement. The relevant steps to be performed by the DPRK in connection with the supply of the LWR project under the U.S.-DPRK Agreed Framework (as referenced in Article III(1) of the Agreement) consist of the following: (1) the DPRK will remain a party to the Treaty on the NPT and will allow implementation of its safeguards agreement under the Treaty; (2) the DPRK will continue the freeze on its graphite-moderated reactors and related facilities and provide full cooperation to the IAEA in its monitoring of the freeze; (3) the DPRK will refrain from the construction of new graphite-moderated reactors and related facilities; (4) in the event that U.S. firms will be providing any key nuclear components, the DPRK and the U.S. will conclude a bilateral agreement for peaceful nuclear cooperation prior to the delivery of such components.

Additionally, of perhaps even more importance, (5) the DPRK will continue the safe storage and ultimate disposition of spent fuel from the 5MW(e) experimental reactor; (6) upon the signing of the Agreement, the DPRK will permit resumption of ad hoc and routine inspections under the DPRK's safeguards agreement with the IAEA with respect to facilities not subject to the freeze; (7) 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 IAEA safeguards agreement, including taking all steps that may be deemed necessary by the IAEA; (8) when the first LWR plant is completed, the DPRK will begin the dismantling of its frozen graphite-moderated reactors and related facilities, and will complete such dismantling when the second LWR plant is completed; (9) when delivery of the key nuclear components for the first LWR plant begins, the transfer from the DPRK of spent fuel from the 5

MW(e) experimental reactor for ultimate disposition will begin and will be completed when the first LWR plant is completed.²¹ It is clear that the KEDO Supply Agreement, in its Annex 3, has given specific obligations to the DPRK in its fulfillment of the terms of the Agreed Framework, thereby giving “teeth” to the U.S.-DPRK nuclear accord.

The KEDO-DPRK Supply Agreement also stipulates what “a significant portion of the LWR project” will entail. A significant portion of the LWR project, as referenced in Article III(3) of the Agreed Framework, will mean according to Annex 4 of the Supply Agreement the following eight separate steps: (1) conclusion of the contract for the LWR project; (2) completion of site preparation, excavation, and completion of facilities necessary to support construction of the LWR project; (3) completion of initial plant design for the selected site; (4) specification and fabrication of major reactor components for the first LWR unit as provided for in project plans and schedules; (5) delivery of essential non-nuclear components for the first LWR unit, including turbines and generators, according to project plans and schedules; (6) construction of the turbine buildings and other auxiliary buildings for the first LWR unit, to the stage provided for in project plans and schedules; (7) construction of the reactor building and containment structure for the first LWR unit to a point suitable for the introduction of components of the Nuclear Steam Supply System; and (8) civil construction and fabrication and delivery of components for the second LWR unit according to project plans and schedules. KEDO, in short, has given specific details and operational measures to substantiate the terms of the Agreed Framework of the U.S.-DPRK nuclear accord.

As a new and innovative experiment in international cooperation, KEDO offers what its first executive director, Ambassador Stephen W. Bosworth, calls “a realistic third way where countries can band together in an ad hoc fashion to tackle a specific, common task” between two familiar and established channels: either working through intergovernmental organizations like the United Nations or multinational corporations and enterprises of private companies. In this respect, KEDO may present itself as a viable alternative and workable model that could be replicated elsewhere in a different set of circumstances to solve complex international problems, thereby furthering the cause of

international institutions and peace-building. However, KEDO is neither “an alternative” to the United Nations, in recognition perhaps of its failures in the UN Security Council deliberation of the North Korean nuclear issue in May 1994, nor what Bosworth calls “a magical black box of some sort where countries can just dump problems” and find that “they are painlessly taken care of without further involvement on their part.”²²

Contrary to initial skepticism, KEDO has so far worked smoothly and steadily with the DPRK. KEDO’s multinational membership, for instance, has not posed an obstacle to its ability to implement the terms of the Agreed Framework. KEDO has been accepted by North Korea as a legitimate negotiating partner. KEDO has concluded additional agreements with the DPRK, besides the Supply Agreement already alluded to, for the terms of repayment, supplementary protocols on transportation and communication, on privileges and immunities of KEDO personnel as well as the pay schedule and compensation for the workers locally employed. These measures are deemed necessary to deal with sensitive and practical issues that will arise in the course of building the reactors.²³ KEDO has become what David Mitrany in 1943 called “A Working Peace System” rather than a talk shop or debating forum of high politics.²⁴

Conclusion

Despite these fail-safe measures incorporated into the KEDO Supply Agreement, it is important to point out that KEDO has become the primary policy tool of the U.S. Clinton Administration policy for checkmating the DPRK from going nuclear. Because of the U.S. Congressional oversight on appropriations, the Clinton Administration has worked out this indigenous device, KEDO. The financing of KEDO’s first objective, i.e., the supply of heavy oils, was undertaken primarily by the United States, with financial contributions by KEDO’s associated member states, while KEDO’s second objective, i.e., the construction of light-water reactors, is to be financed with contributions primarily from the Republic of Korea and secondarily from Japan. As the Bush Administration successfully raised the funds to pay for the expensive Persian Gulf War in 1990-91, by

extracting funds from the rich and allied powers like Saudi Arabia and Japan, the Clinton Administration worked through an international consortium called KEDO to raise funds to pay for the expensive "Agreed Framework" with the DPRK in 1994.²⁵

Even if the difficulty of financing such an expensive project had been foreseen, as already noted, KEDO's securing of the funds for the implementation of the terms of the Agreed Framework was guaranteed by the U.S. President Bill Clinton's personal intervention. To defray such concerns expressed by Pyongyang, the U.S. Government had to give a letter of assurance to the DPRK. President Bill Clinton's letter of October 20, 1994 stated, "I wish to confirm to you that I will use the full powers of my office to facilitate arrangements for the financing and construction of a light-water nuclear power reactor project with the DPRK." In addition, the letter continues, "in the event that this reactor project is not completed for reasons beyond the control of the DPRK, I will use the full powers of my office to provide, to the extent necessary, such a project from the United States, subject to approval of the U.S. Congress."²⁶ A similar assurance was also given to "the funding and implementation of interim energy alternatives" for North Korea, i.e., the supply of heavy oils to them on a regular basis, until the project of light-water reactor construction is completed.²⁷

Whether an organization like KEDO can indeed offer "a realistic third way" alternative, where countries can band together "in an ad hoc fashion" so as to tackle "a specific, common task," of course, will still remain to be seen. The success or the failure of the KEDO experiment will not be fully known until the project is completed around the year 2003. Until then, there are many unforeseen hurdles and difficulties to overcome before reaching the final destination. The obvious challenge today is to pay for the huge price-tag that is attached to the expensive project of the light-water reactor construction.

There will be a tug-of-war over cost-sharing among the KEDO member states. The U.S. Congress was cool initially toward KEDO but, in 1997, full funding of \$25 million was made available by the U.S. Congress to defray the total expenses of KEDO delivery of heavy oils to the DPRK in 1997.²⁸ How the legislative body of other KEDO members, including Japan's National Diet and South Korea's National Assembly, will act on

the matters of KEDO's cost-sharing of course remains to be seen. However, besides the monetary values, the projects undertaken by KEDO may not be calculated in terms of dollar figures only. KEDO has become, or will continue to be, "a central arm of the U.S.'s coordinated North Korea policy with the ROK and Japan" in the words of KEDO's first executive director who is now slated to become the U.S. Clinton Administration's next ambassador to the Republic of Korea.²⁹ Indeed, the peace and security in Northeast Asia that will result from the nuclear-free Korean peninsula is a priceless gift and a sound investment possibly saving succeeding generations from the risk of a nuclear war. For such reasons and noble causes, KEDO deserves the full support of the community of nations and peoples around the world.

NOTES

1. Michael J. Mazarr, *North Korea and the Bomb: A Case Study in Nonproliferation* (NY: St. Martin's Press, 1995). Also, see Young Whan Kihl, "Confrontation and Compromise on the Korean Peninsula: The North Korean Nuclear Issue," *The Korean Journal of Defense Analysis* vol. 4, No. 2 (Winter, 1994), pp. 101-130; B. C. Koh, "Confrontation and Cooperation on the Korean Peninsula: The Politics of Nuclear Nonproliferation," *Ibid.*, pp. 53-84.
2. Don Oberdorf, *The Two Koreas* (NY: Addison-Wesley, 1997).
3. William Perry, "Korea: The Deal is Working," *The Washington Times*, January 24, 1995.
4. *Ibid.*
5. *The Washington Times*, January 25, 1995. Also, see "Thinking About Korean War II," *The Washington Post*, May 12, 1994, p. A-27; "Korean Conflict: Is Kim Il Sung bluffing, or would he go to war?" *Times*, June 13, 1994; Don Oberdorf, *The Two Koreas*.
6. Jimmy Carter, *Report on Our Trip to Korea*, June 1994. Also, see Young Whan Kihl, "Confrontation or Compromise? Lessons from the 1994 Crisis," in Young Whan Kihl and Peter Hayes, eds., *Peace and Security in Northeast Asia: The Nuclear Issue and the Korean Peninsula* (NY: M. E. Sharpe, 1997), pp. 181-205.
7. *Ibid.*
8. For the text of the KEDO Charter and the Supply Agreement, see Kihl and Hayes, *Peace and Security*, pp. 443-450, 453-466.

9. Leonard S. Spector, "U.S.-DPRK Agreed Framework on Nuclear and Related Issues: Congressional Testimony," Kihl and Hayes, *Peace and Security*, pp. 53-62, 56.
10. *Ibid.*, pp. 56-60.
11. *Ibid.*, p. 55.
12. *Ibid.*, p. 56.
13. *Ibid.*, p. 59.
14. The KEDO Press Release of September 19, 1997, "European Union Joins KEDO."
15. "EU Becomes Executive member of KEDO," *Korea Times*, September 20, 1997.
16. The KEDO Press Release of July 1, 1997, "KEDO and North Korea to Hold Signing Ceremony." The list of protocols includes a total of nine procedures, eight memorandum of understandings, and two records.
17. The KEDO Press Release of July 24, 1997, "KEDO to Open Office in North Korea."
18. The KEDO Press Release of August 14, 1997, "KEDO to Break Ground on Nuclear Project in North Korea."
19. Kihl and Hayes, *Peace and Security*, pp. 453-466.
20. *Ibid.*, p. 464.
21. *Ibid.*, pp. 464-465.
22. Stephen W. Bosworth, "The Korean Peninsula Energy Development Organization (KEDO): A Status Report," *Korea Economic Update* vol. 7, No. 2 (April, 1996), pp. 1-3.
23. One such episode was the five-day work stoppage on October 1 due to Pyongyang's demand for an apology from Seoul over the alleged defaming of the North Korean leader Kim Jong Il's picture that appeared in the newspaper but was placed in the waste basket at a dormitory where South Korea's KEDO workers were staying in the Kumho construction site.
24. David Mitrany, *A Working Peace System: Functional Development of International Organization* (London, 1943).
25. The price of the 500 megaton of heavy oil to be delivered to DPRK in 1997, according to ambassador Bosworth, was approximately U.S. \$60-65 million. The price tag for the construction of two LWRs, on the other hand, was estimated initially to be around \$4.5 billion, but the cost overrun may put the bill over \$5 billion by the time the project is finished in 2004.
26. Kihl and Hayes, *Peace and Security*, pp. 441-442.
27. *Ibid.*
28. Of the total of \$60-65 million KEDO's oil bill in 1997 only U.S. \$25 million had been pledged from the U.S. The remainder was to be paid by other KEDO member countries, with Japan establishing a special financing facility to be used as collateral for buying oil. "North Korea on the Brink: Politics and Possibilities on the Eve of the Four Party Talks," *Center for War, Peace, and the News Media Issue Brief*, No. 21

(August, 1997).

29. "Prepared Text of Stephen Bosworth Before the Congressional Hearing," *Federal News Service*, September 24, 1997.