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INFO LOG-00 ACDA-17 ACDE-00 AF-01 AIT-03 AMAD-01 ARA-01 AS-01 A-01 CEQ-00 CIAE-00 OASY-00 DODE-00 DOEE-00 ANHR-01 EAP-01 EB-01 EUR-01 FSI-00 H-01 TEDE-00 INR-00 IO-16 L-01 ADS-00 MMP-00 M-00 NEA-01 NRC-01 NRRC-00 NSAE-00 NSCE-00 OES-09 OIC-02 OIG-04 OMB-01 PA-01 PRS-01 P-01 DTSP-00 SNP-00 SP-00 SS-00 TRSE-00 T-00 USIE-00 SA-01 EPAE-00 SNIS-00 NISC-02 SSD-01 PMB-00 SSAH-00 DRL-09 G-00 /081R

DRAFTED BY: PM/P:NJRASMUSSEN:NXR

APPROVED BY: PM:RLGALLUCCI

EAP/K:DBROWN EUR/ISCA:KFORDER P:BHALL

T:JBARKER OSD:SLOEFFLER JCS:KSANDKUHLER NSC:ADSENS

S/S:CBARRY S-O:DSTEWART ACDA:WSTERN/MROSENTHAL

O 222333Z AUG.94 FM SECSTATE WASHDC

TO ALL DIPLOMATIC AND CONSULAR POSTS IMMEDIATE

CONFIDENTIAL STATE 225927

E.O. 12356: DECL: OADR TAGS: KS, KN, PREL, MNUC, KNNP, IAEA, PARM SUBJECT: RESULTS OF U.S.-DPRK TALKS IN GENEVA

REF: GENEVA 7080

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PAGE 02 STATE 225927 222335Z 1. CONFIDENTIAL - ENTIRE TEXT.

- 2. AS APPROPRIATE, POSTS SHOULD BRIEF HOST GOVERNMENT OFFICIALS ON THE RESULTS OF TALKS HELD IN GENEVA AUGUST 5-12 BETWEEN U.S. AND DPRK REPRESENTATIVES. POSTS SHOULD DRAW ON THE TALKING POINTS IN PARA 3 WHEN MAKING THEIR PRESENTATIONS. REFTEL PROVIDED POSTS WITH THE TEXT OF THE AGREED STATEMENT ISSUED BY THE US AND DPRK DELEGATIONS AT THE CONCLUSION OF THE MEETINGS IN GENEVA.
- 3. BEGIN TALKING POINTS.

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UNITED STATES DEPARTMENT OF STATE REVIEW AUTHORITY: DONALD A JOHNSTON DATE/CASE ID: 14 JUL 2004 200302142 Page: 1

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-- THE TALKS RECENTLY HELD IN GENEVA REPRESENT AN IMPORTANT STEP FORWARD IN OUR EFFORTS TO RESOLVE THE ISSUE OF NORTH KOREA'S NUCLEAR WEAPONS PROGRAM.

-- THE PARTIES AGREED THAT THE ESSENTIAL ELEMENTS OF THE NORTH'S NUCLEAR PROGRAM WILL REMAIN FROZEN WHILE TALKS ARE

UNDERWAY. THE JUNE 22 1994 KANG-GALLUCCI LETTER STATES THAT "THE DPRK IS PREPARED NEITHER TO RELOAD THE 5 MW EXPERIMENTAL REACTOR WITH NEW FUEL NOR TO REPROCESS THE SPENT FUEL, AND TO PERMIT THE INSPECTIONS FOR THE CONTINUITY OF SAFEGUARDS INCLUDING THE MAINTENANCE OF THE PRESENCE OF IAEA INSPECTORS AND OF THE AGENCY'S SURVEILLANCE EQUIPMENT IN PLACE AT THE YONGBYONG NUCLEAR FACILITIES."

-- WHILE WE ARE ENCOURAGED BY THE PROGRESS MADE IN GENEVA, A GREAT DEAL OF WORK REMAINS TO BE DONE, MUCH OF IT BEFORE WE MEET AGAIN WITH THE DPRK BEGINNING ON CONFIDENTIAL

PAGE 03 STATE 225927 222335Z SEPTEMBER 23.

ELEMENTS OF THE AGREED STATEMENT

- -- THE AGREED STATEMENT OF AUGUST 12 IDENTIFIED SEVERAL ELEMENTS THAT SHOULD BE PART OF A FINAL RESOLUTION OF THE NUCLEAR ISSUE.
- -- THE DPRK STATED UNAMBIGUOUSLY THAT IT IS PREPARED TO REPLACE ITS GRAPHITE-MODERATED REACTORS AND RELATED FACILITIES WITH LIGHT WATER REACTOR POWER PLANTS. THAT MEANS THAT AT THE APPROPRIATE TIME ALL FACILITIES RELATED TO THE CURRENT GRAPHITE-MODERATED REACTORS WILL BE DISMANTLED.
- -- FOR OUR PART, WE DECLARED THAT WE ARE PREPARED TO ARRANGE FOR THE PROVISION OF LWRS (TOTALLING APPROXIMATELY 2,000 MEGAWATTS (ELECTRIC)) TO THE DPRK AND TO ARRANGE FOR INTERIM ENERGY ALTERNATIVES TO THE DPRK'S GRAPHITE-MODERATED REACTORS.
- -- THOSE ARRANGEMENTS WILL INVOLVE THE ESTABLISHMENT OF A MULTILATERAL GROUP RESPONSIBLE FOR PROVIDING FINANCING AND ENERGY TECHNOLOGY.

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-- ONCE THE U.S. HAS PROVIDED ASSURANCES FOR THE PROVISION OF LWRS AND INTERIM ENERGY ALTERNATIVES, THE DPRK WILL FREEZE CONSTRUCTION OF THE 50 AND 200 MEGAWATT (ELECTRIC) REACTORS CURRENTLY UNDER CONSTRUCTION, FOREGO REPROCESSING OF SPENT FUEL, SEAL THE RADIOCHEMICAL LABORATORY (THEIR REPROCESSING FACILITY), AND ALLOW THAT CONFIDENTIAL

PAGE 04 STATE 225927 222335Z FACILITY TO BE MONITORED BY THE IAEA.

-- ALL OF THESE STEPS ARE PARTICULARLY IMPORTANT:

FREEZING CONSTRUCTION AND SEALING THE REPROCESSING FACILITY WILL PREVENT THE FURTHER EXPANSION OF DPRK CAPABILITIES TO PRODUCE NUCLEAR WEAPONS.

- THAT AS PART OF THE FINAL RESOLUTION OF THE NUCLEAR ISSUE WE ARE PREPARED TO ESTABLISH DIPLOMATIC REPRESENTATION IN EACH OTHER'S CAPITALS AND TO REDUCE BARRIERS TO TRADE AND INVESTMENT, AS A MOVE TOWARD FULL NORMALIZATION.

 REPRESENTATION WOULD INITIALLY TAKE THE FORM OF LIAISON OFFICES. THIS WILL BE CLOSELY LINKED TO OVERALL PROGRESS ON THE NUCLEAR ISSUE.
- -- ON NORTH-SOUTH RELATIONS, THE DPRK STATED THAT IT REMAINS PREPARED TO IMPLEMENT THE NORTH-SOUTH JOINT DECLARATION ON THE DENUCLEARIZATION OF THE KOREAN PENINSULA.
- -- WE TOLD THE DPRK REPRESENTATIVE THAT THE U.S. IS PREPARED TO PROVIDE THE THE DPRK WITH ASSURANCES AGAINST THE THREAT OR USE OF NUCLEAR WEAPONS AGAINST IT BY THE U.S.
- -- THE DPRK ALSO STATED THAT IT IS PREPARED TO REMAIN A PARTY TO THE NPT AND TO ALLOW IMPLEMENTATION OF ITS 'SAFEGUARDS AGREEMENT UNDER THE TREATY.

ADDITIONAL DETAILS

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-- WE MADE IT VERY CLEAR THAT IMPLEMENTATION OF THE NORTH-SOUTH DECLARATION REMAINS AN ESSENTIAL ELEMENT OF ANY FINAL SETTLEMENT OF THE NUCLEAR ISSUE.

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-- WE VIEW THIS AS REQUIRING THE ELIMINATION OF ANY REPROCESSING OR ENRICHMENT FACILITIES IN THE DPRK.

- -- WE VIEW THE PROSPECT OF SUBSTANTIAL ROK PARTICIPATION IN THE LWR PROJECT AS AN ADDITIONAL FACTOR THAT CAN CONTRIBUTE TO RECONCILIATION BETWEEN NORTH AND SOUTH.
- -- WE WERE ENCOURAGED BY ROK PRESIDENT KIM YOUNG SAM'S AUGUST 15 PLEDGE TO PROVIDE LWR TECHNOLOGY AND EQUIPMENT TO THE DPRK IF THE NORTH TOOK THE STEPS NECESSARY TO ENSURE THAT ITS NUCLEAR PROGRAM IS FULLY TRANSPARENT. WE CONTINUE TO CONSULT CLOSELY WITH THE ROKG ABOUT ALL ASPECTS OF NEGOTIATIONS.
- -- OBVIOUSLY, THE RATE AND DISTANCE WE CAN PROCEDE TOWARDS NORMALIZATION WITH NORTH KOREA IS TO AN EXTENT DEPENDENT ON PARALLEL PROGRESS TOWARD A BETTER DPRK RELATIONSHIP WITH ITS NEIGHBORS -- IN PARTICULAR THE REPUBLIC OF KOREA.

- -- CONCERNING THE NORTH'S AGREEMENT TO REMAIN A PARTY TO THE NPT, WE BELIEVE THAT THE KEY IS THEIR AGREEMENT TO ALLOW IMPLEMENTATION OF THEIR SAFEGUARDS AGREEMENT UNDER THE TERMS OF THE TREATY.
- -- WE VIEW THIS AS REQUIRING THE DPRK TO ACCOUNT FULLY FOR ITS PAST PRODUCTION OF PLUTONIUM AND TO PERMIT SPECIAL INSPECTIONS, NECESSARY.
- -- THE NORTH HAS BEEN SAYING THAT IT WILL CONTINUE TO RESIST SPECIAL INSPECTIONS, BUT THEY ARE AWARE OF OUR POSITION THAT SPECIAL INSPECTIONS AND A FULL ACCOUNTING OF

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PAST NUCLEAR ACTIVITY ARE ESSENTIAL ELEMENTS OF A FINAL SOLUTION TO THE NUCLEAR ISSUE.

- -- THE TIMING OF SPECIAL INSPECTIONS IS A MATTER THAT COULD BE NEGOTIATED WITH THE DPRK. BUT A FULLY IMPLEMENTED SAFEGUARDS AGREEMENT WILL BE ESSENTIAL BEFORE CONSTRUCTION OF LWRS CAN BEGIN.
- -- AS FOR THE SPENT NUCLEAR FUEL, WE CONTINUE TO BELIEVE THAT REMOVING THE FUEL FROM NORTH KOREA WOULD BE THE BEST COURSE.
- -- THE DPRK DELEGATION WOULD NOT AGREE TO THIS STEP AND CONFIDENTIAL

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PROPOSED THAT THE FUEL BE STORED IN NORTH KOREA. THIS IS
AN ISSUE THAT WE WILL CONTINUE TO PURSUE WHEN TALKS RESUME
IN SEPTEMBER.

-- LASTLY, THE NORTH AGREED TO CONTINUE THE FREEZE ON

THEIR NUCLEAR PROGRAM THROUGH THE NEXT SET OF TALKS IN SEPTEMBER.

- -- THE DPRK DELEGATION INITIALLY INSISTED THAT IT WAS IMPERATIVE THAT THEY REFUEL THE 5 MW REACTOR IMMEDIATELY.
- -- WE MADE IT CLEAR TO THEM THAT TAKING SUCH A STEP WOULD LEAD THE INTERNATIONAL COMMUNITY TO DOUBT THEIR COMMITMENT TO RESOLVING THE NUCLEAR ISSUE AND SEVERELY UNDERMINE THE BASIS FOR OUR DIALOGUE.

NEXT STEPS

- -- BEFORE WE MEET AGAIN ON SEPTEMBER 23, WE WILL BE PROPOSING EXPERTS LEVEL DISCUSSIONS WITH DPRK COUNTERPARTS ON A NUMBER OF SUBJECTS.
- -- WE WILL DISCUSS WITH THEM STEPS NECESSARY FOR THE ESTABLISHMENT OF DIPLOMATIC RELATIONS.
- -- WE WILL ALSO INVITE DPRK EXPERTS TO VISIT THE U.S. TO DISCUSS THE DETAILS OF THE PROJECT TO PROVIDE LWR TECHNOLOGY AND EQUIPMENT TO THE DPRK, INCLUDING FINANCIAL ARRANGEMENTS, U.S. LEGAL AND REGULATORY CONSIDERATIONS, AND THE STRUCTURE OF AN INTERNATIONAL CONSORTIUM.

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-- WE ARE ALSO PREPARED TO ALLOW DPRK NUCLEAR EXPERTS TO VISIT LWR FACILITIES IN THE U.S. TO BEGIN THE PROCESS OF FAMILIARIZATION WITH THIS TECHNOLOGY.

- -- WE PLAN EXPERT LEVEL DISCUSSIONS ON THE PROVISION OF CONVENTIONAL ENERGY TO THE DPRK.
- -- WE WILL ALSO HOLD EXPERT LEVEL TALKS ON THE SAFE STORAGE AND DISPOSITION OF THE SPENT FUEL IN THE DPRK.
- -- WE HOPE TO HAVE MADE PROGRESS ON ALL THESE ISSUES BEFORE A/S GALLUCCI AND HIS DPRK COUNTERPART MEET AGAIN IN GENEVA ON SEPTEMBER 23.
- -- WE WILL CONSULT WITH OUR ALLIES AND OTHER INTERESTED GOVERNMENTS PRIOR TO THE RESUMPTION OF U.S.-DPRK TALKS IN GENEVA TO ENSURE WE HAVE A COMMON UNDERSTANDING OF OUR OBJECTIVES IN THE NEGOTIATIONS.

CONCLUDING REMARKS

- -- WE ARE ENCOURAGED BY THE PROGRESS MADE IN GENEVA BUT FULLY AWARE THAT MUCH HARD WORK REMAINS TO BE DONE BEFORE THE NUCLEAR ISSUE IS SOLVED.
- -- THE VARIOUS ELEMENTS OF A FINAL SETTLEMENT CAN BEST BE COMPARED TO A PUZZLE. AT THIS POINT, WE HAVE MANY OF THOSE PIECES, BUT NOT ALL OF THEM.
- -- THE SEQUENCING OF THESE ELEMENTS IS ALSO CRITICAL. CONFIDENTIAL

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CERTAIN STEPS WILL HAVE TO BE CAREFULLY SEQUENCED AND WE

MUST BE FULLY CONFIDENT OF DPRK PERFORMANCE IN MEETING

THEIR COMMITMENTS TO US, INCLUDING NPT SAFEGUARDS

OBLIGATIONS AND IMPLEMENTATION OF THE N/S DECLARATION,

BEFORE MOVING AHEAD WITH AN LWR PROJECT.

-- WE WILL KEEP YOU INFORMED AS OUR TALKS PROGRESS. TALBOTT

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