
Clinton Presidential Records Mandatory Declassification Review

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PC meeting leader

17 OCT 1991

MEMORANDUM FOR: Warren Christopher
Tony Lake

SUBJECT: Proposed US - DPRK Nuclear Agreement

FROM: John Deutch



I regret that this afternoon's Principal's Meeting on the proposed agreement with North Korea has been called off. Of course, before coming to any conclusion we should hear from Bob Gallucci, but there are substantive issues that lie outside the negotiation that deserve discussion. I fear that the all too frequent call for a rapid decision will prevent us from considering several broader issues that are of concern to us here in Defense. Accordingly, in Bill's absence, I have decided to share our concerns directly with you.

The proposed agreement is a notable achievement and much to Bob Gallucci's credit. Trading alternative energy supplies for a long-term freeze on North Korea's nuclear weapons program and trading the provision of LWR systems for dismantlement of the facilities for that program will, when accomplished, be two good trades for US and world security. Accordingly, we believe that the currently tabled agreement with North Korea (subject to North Korean agreement on the north-south dialogue) should be accepted by us with two modifications, each designed to insure that we get in practice the benefit of the bargain we have reached in overall principle.

Perhaps equally important, these modifications will make it far easier to deal with criticisms of the agreement that we can expect in Congress and elsewhere from both the left and right, as we seek support for implementing it.

Those two issues are (1) clarification of the provision for repackaging the spent fuel from the 5 MW(e) reactor currently in wet storage and (2) clarification of our expectation about the disposition of the spent fuel from the operation of the two Light Water Reactors that we are agreeing to provide. Since the North Koreans have reopened the deliberations in Geneva on the matter of the north-south dialogue, it seems perfectly appropriate for us to raise issues as well, even in the closing stages.

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1. The Disposition of the existing spent fuel.

It is an important part of our story, in favor of this agreement, that it commits the North Koreans to ship the existing load of spent fuel out of the country, even if the shipment starts only after several years when the LWR project has reached the stage where the turbines are in place and the nuclear components about to be delivered. But for that to be possible, the spent fuel must be left in a state such that it can eventually be exported. We have to be able to show that under the agreement we cannot find ourselves three to six months from now, after having supplied a winter's alternative fuel, with the the spent fuel dissolving in the pool.

The important issue of stabilizing the spent fuel currently in wet storage is addressed in point 9 of the Confidential Minute to the proposed agreement by the phrase:

"... Within the period required by technical and safety consideration(s), following discussion with the US, the DPRK will select and begin to implement a method of spent fuel storage that permits ultimate transfer."

The problem with this provision (and the even more vague statement in Paragraph I.4 of the proposed agreement that speaks of "cooperation" on storage and eventual "disposition" that does not involve in-country reprocessing) is that prompt engineering action is required to repackage the rods which are now corroding in the spent fuel pool. There is no assurance that an agreement on storage methodology will be reached in the handful of months remaining before the fuel is dissolved. Without such a methodology being agreed and implemented, we will face the prospect of the North's current spent fuel supply becoming impossible to export.

This problem is exacerbated by the asymmetry between the treatment of the two early actions the Framework Agreement requires of the two sides -- stabilizing the spent fuel rods and delivering the initial oil supply. There is a fixed date (3 months) for the first oil being shipped, but there is no such date for stabilizing the spent fuel.

I understand the North Korean delegation has agreed orally that North Korea will give "immediate" access to the spent fuel. That's a welcome step, but it should be reflected in the text, as should an

undertaking to agree by a set date on the methodology. Within the USG, we need to work out who will do the substantial work involved and who will pay.

2. Treatment of fuel from the LWRs.

The proposed agreement must address the planned disposition of the spent fuel from the operation of the LWRs. Contrary to what may be the popular impression, Pu from an LWR can be used for bombs. The reprocessing effort needed for such use is different from, but not significantly more difficult than, that employed with spent fuel from a graphite-moderated reactor. The North Koreans have demonstrated an ability to reprocess and this can be done covertly quite easily.

The details of the ownership and management of the LWR reactor fuel can be left to negotiation of the formal contract. However, right from the start, we must be in a position to show publicly that this agreement provides: (1) that none of the Pu produced in the LWRs will ever be reprocessed on the Korean Peninsula, and (2) that the US will retain the right to direct that spent fuel from these LWRs will be transferred from North Korea to another location. Without these assurances, we are correctly vulnerable to the accusation that the agreement accepts (indeed facilitates) the production and accumulation of a much greater quantity of Pu in North Korea than the projected levels of the current North Korean program, albeit in an unseparated form.

I am informed that North Korea has today agreed that the terms they have already accepted necessarily mean that, once the two LWRs are complete, they cannot possess a reprocessing capability nor reprocess in North Korea. That agreement should be recorded explicitly.

However, it leaves unaddressed the question of the disposition of spent fuel from the LWRs. Given the relatively short time required to build a new reprocessing facility (probably only about a year), unless the LWR spent fuel is exported, we will never be free of a reprocessing threat so long as the fuel stays in North Korea. So long as the agreement leaves open the possibility that this LWR spent fuel will stay in North Korea, we will be open to the charge that they can simply build a new reprocessing line (perhaps covertly) and proceed with their bomb program. To be sure, there are cases where LWR spent fuel is stored

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indefinitely in the country where LWRs operate. Facilities exist for out-of-country storage in Europe, Russia, China , and other places.

Accordingly, we should lay down a clear marker now that the fuel supply arrangement North Korea should provide for export of the LWR spent fuel. I realize that the question of fuel supply and disposition is a controversial one, but without such an assurance, we will have difficulty explaining how the agreement's details fulfill its overall promise of effectively eliminating North Korea's nuclear weapons capacity.

Conclusion

With these modifications the Department is prepared to support the proposed agreement. As you know we believe that the agreement should only be signed or initialed after South Korean acceptance is obtained, there is some consultation with Congressional leaders, and we have agreed to a single set of talking points that can be used by all agencies to describe the agreements.

One final point. Perhaps I am a victim of my past experience. But, I know how hard it is to design, build, and operate nuclear reactors to reasonable environmental and safety standards and to arrange for the fuel contracts and financing for such projects. At this stage, the proposed agreement envisions a contract negotiation that will define all these matters -- and do so in a situation where no one has the hard currency to pay for the electricity. It seems to me more likely than not that the project will not proceed rapidly or even ever get done. This may not be a fatal outcome but we should think through the consequences now.

cc: Mr. Berger
Amb. Galucci
Mr. Fuerth

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