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TAGS: PREL, PARM, MNUC, KN, KS, US

SUBJECT: Amb. Gallucci's opening statement at September 23 U.S.-DPRK talks

1. secret - entire text.

2. ~~s~~/al ambassador gallucci delivered the following opening statement at the first day's meeting of the resumed u.s.-dprk talks in geneva on september 23. The text is provided for posts' information only and has been shared only with the ROKG. septel reports details of the meeting.

3. begin text of Statement:

Mr. Vice Minister, the goal of our efforts is to resolve the nuclear issue and to reach a new political and economic relationship between the United States and the Democratic People's Republic of Korea.

It is our view that the Joint Statement concluded on August 12 was an important step in the right direction. The task before us is to build on that statement and to take our bilateral dialogue further down the road

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UNITED STATES DEPARTMENT OF STATE
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towards our mutual objectives. Specifically we should work to reach agreement on a framework document so that important steps may be taken by both sides immediately. We regard it as essential that our negotiations begin to show progress.

Experts" Meetings

Since our August meeting, our side has been working to implement the August 12 statement and to prepare for another productive session.

In that regard, we found the expert-level discussions on liaison offices, held in Pyongyang, to be serious, professional, and cooperative. They were successful in narrowing down technical issues so that the opening of liaison offices could be conducted more rapidly should we reach a point in implementing a settlement that will permit us to do so.

I think our two sides are in general agreement on the legal status, level of representation and size of such liaison offices.

If we agree to hold additional expert level talks on the issue of consular access and on questions regarding travel access for American diplomats in the DPRK, we need to ensure that such talks are open and constructive. These issues are very important to us.

We have noted your suggestion at the discussions in Pyongyang that our liaison offices be officially titled "Liaison Representative Offices." We believe the title "Liaison Office" is fully a reflective of the level of diplomatic missions we intend to open.

We would like to use the terminology we reached in the Agreed Statement of August 12. The emphasis should be on the function of the office, which is liaison, rather than on the person that will head the office.

In contrast, we are concerned about the technical discussions held in Berlin, particularly, the fact that the DPRK delegation reopened issues that you and I agreed to in Geneva and then went on to raise new ones.

We regard our talks in Geneva as the proper venue for negotiation of substantive issues and the Berlin and Pyongyang meetings as technical in character, aimed at fact-finding, not appropriate for opening new areas of negotiation.

On the Berlin talks let me make the following

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observations:

- First, we do not agree with your representative's assertion that the international community's role in the LWR project is to provide funding while you choose the reactor.
- Second, we cannot consider addressing power that might have been produced by graphite moderated reactors that were planned but are not under

construction;

- Third, we expect your construction freeze to begin with an agreed settlement, that is, from the time you receive our assurance that LWRs are provided; and
- Fourth, we consider the provision of two 1000 MW LWRs, with associated training and technology transfer, together with our assistance on alternative energy to meet interim needs, to fully address the DPRK's transition from graphite to LWR technology. Moreover, we regard the elements of a settlement to have been identified, and some agreed upon, in August at our last session. We need now to reach agreement on the remaining elements.

U.S. Assurances

Notwithstanding, or in spite of, the Berlin meeting, the U.S. has made progress in securing multinational support for the LWR project, as well as the provision of non-nuclear energy, in the DPRK.

As we have said before, any viable energy project has to be politically, technically and financially sound.

We have concluded that a reactor project with South Korea playing a central role is the only viable option.

We have secured assurances from the Republic of Korea and Japan to provide the majority of the technology and financing for the LWR project.

We plan to establish a multilateral consortium, the Korean Energy Development Organization, to manage the LWR and alternative energy projects. We briefed your delegation in Berlin on KEDO, as we call it, so I don't need to get into the details now.

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But, I would like to emphasize that such a multilateral organization led by the U.S. should minimize your political concerns about the project architecture.

-- The United States would play an important role in KEDO. Moreover, we have held discussions with other countries about KEDO. Many have expressed an interest in participating and in providing assistance to the DPRK's energy program.

As a result of all these efforts, I would now be in a position to offer you an LWR assurance signed by the President of the United States. I could also offer you a separate assurance on the provision of interim energy until the LWRs come on line.

Conditions for Provision of Assurances

As we stated at the last Geneva meeting, the United States can only implement these assurances after we reach agreement on steps which must be taken to resolve the nuclear issue and to implement the "broad and thorough" approach to future U.S.-DPRK relations.

It is our view that such an agreement should be recorded in a framework document along the lines of the one provided to you at the last Geneva meeting.

Our position on the substance of such a document remains essentially unchanged and is well known to you from our previous discussions. We are prepared to work with you to reach agreement on this document. Let me summarize the current state of play on the key issues.

You have already agreed in the August 12th statement to one important requirement, an immediate freeze on further construction of your graphite-moderated reactors and to seal the Radiochemistry Laboratory; all of this would be verified by the IAEA. This would occur upon receipt of our LWR and interim energy assurances.

Second, we both agree on the need to dismantle all facilities associated with your graphite-moderated

reactor system in the context of conversion to LWRs but we still disagree on the timing of dismantlement.

Third, our position is that the DPRK should unambiguously acknowledge its full membership in the NPT

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and should immediately begin to implement its full scope safeguards agreement by accepting routine and ad hoc inspections. While you acknowledge this requirement in the August 12 statement, once again, we seem to disagree on timing.

-- In that context, I would note that we remain firm on the need to accept the principle of special inspections explicitly, as a part of your safeguards

obligations under the NPT, but flexible on the timing of the conduct of those inspections.

-- I would note that full implementation of the DPRK's safeguards agreement must come before the actual provision of LWR technology. That is a condition of supply agreed to by all suppliers of commercial nuclear reactors.

Fourth, we oppose reloading of the 5 MW reactor. We see no reason why that reactor must be refueled, particularly since we are willing to work with you to provide non-nuclear energy substitutes in the near-term as well as training for your nuclear experts in LWR technology.

Refueling and restarting the reactor would eventually add to your inventory of plutonium and, therefore, would create doubts in our minds and in the international community about your intention to resolve this issue.

Refueling and restarting restarting would be contrary to the "nuclear freeze," which we have agreed forms the basis for our dialogue. It would, therefore, severely undermine the basis for that dialogue.

Fifth, on the issue of spent fuel, we welcome your intention not to reprocess and to eventually allow shipment to a third country in the context of an overall settlement of the nuclear issue. The problem of what to do with that fuel in the near-term still remains. You have suggested that the DPRK is interested in dry storage of the fuel.

Our view is that the best option for dealing with this problem, and to demonstrate your late President's statements that the DPRK has no desire for a nuclear weapons program, is the removal of the spent fuel from your country in the near-term. We stand ready to assist you in achieving this goal.

I want to stress, however, that any reprocessing of the fuel while we are pursuing agreement on the overall

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settlement would be inconsistent with your government's assurances and the basis upon which we are engaged in these talks.

Sixth, on implementation of the North-South Denuclearization Declaration, we welcome your agreement to do so in the August 12 Statement.

I would emphasize that no resolution of the nuclear issue is possible without implementation of that agreement's ban on uranium enrichment and reprocessing and of its bilateral inspection regime.

I want to comment here on North-South relations and their impact on U.S.-DPRK talks. We and you have agreed to address the nuclear issue in a broad and thorough manner, placing it in the broader context of political and economic relations between our two countries. The elements of a settlement that we agreed upon in August reflect that. In light of this, and in view of the strong ties and alliance that binds the U.S. and ROK, you should understand that we expect that progress between the U.S. and DPRK in implementing a broad and thorough settlement will be accompanied by progress in improved North-South relations.

Therefore, I would urge you to reopen your dialogue with the ROK with this purpose in mind.

I would add that -- and this is included in our August 12 Statement as well as in the our draft framework agreement -- in the context of an overall settlement, we are prepared to take detailed and important steps to deal with your security concerns and to normalize political and economic relations between our two countries.

Conclusion

Mr. Minister, we clearly have a difficult task ahead of us, the task of resolving the nuclear issue, building trust between our two countries and, in doing so, building a new political and economic relationship between the United States and the People's Democratic Republic of Korea.

I can assure you that my government is fully committed to achieving these goals.

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