



The Korean Peninsula Energy Development Organization  
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**Public Statement by Ambassador Charles H. Pritchard  
U.S. Representative  
KEDO General Conference  
May 23, 2002**

Thanks fellow Board members for your untiring efforts, thanks Executive Director Kartman and welcome to our newest member from Japan, whom I know well and expect to make a significant contribution to the group.

As the Special Envoy for U.S. Negotiations with the DPRK as well as the U.S. Representative to KEDO, I welcome this opportunity to review with you U.S. policy towards the DPRK and how it relates to the important work KEDO is carrying out.

I'll get right to the bottom line, which is positive: the United States and North Korea are moving towards opening a dialogue on a broad range of issues of concern to everyone here today.

President Bush opened the door for this dialogue last June when he directed his national security team to undertake serious discussions with North Korea on a broad agenda, including improved implementation of the Agreed Framework, verifiable constraints on North Korea's missile program, and a less threatening conventional military posture.

As Secretary Powell and others have repeatedly made clear, the United States has been prepared to talk to the DPRK any place and any time, without preconditions.

We have also made clear that we anticipated North Korea would have its own issues to raise.

North Korea responded positively late last month, and we are now working out the details and logistics that will make that trip possible.

I am optimistic about where these talks may lead in the long run, though I have no illusions about how tough the going will be along the way.

For many years, the implementation of the Agreed Framework has been at the core of our North Korea policy. The United States will continue to abide by the terms of this accord, so long as North Korea does the same. However, it is important to build on this Framework in a number of areas in order to maintain support both here and abroad.

The U.S. Congress, for example, has required the President to make certain certifications before funding can be obligated to KEDO.

The language has varied from year to year, but Congress clearly harbors deep concerns about North Korea's missile program, about its deteriorating relations with South Korea, which we all hope are now on the mend, and about the degree of its cooperation with the International Atomic Energy Agency (IAEA).

This year the President decided to waive all three certifications contained in the annual funding bill. But he determined that continued funding of KEDO is vital to the national security interests of the United States because it enhances our non-proliferation objectives and enhances stability in Northeast Asia, and he directed that the U.S. Government furnish KEDO a record-high contribution of \$90.5 million.

It's important to understand that in this process the Administration did not declare the DPRK to be in violation of the Agreed Framework.

Rather, the waiver is meant to highlight for the DPRK areas where we see the need for improved implementation.

Chief among these is IAEA-DPRK cooperation. We continue to urge the DPRK to begin full cooperation with the IAEA on needed verification activities, in order to meet its obligations under the Agreed Framework and to prevent delays to the light water reactor project.

Our contribution gave KEDO, for the first time ever, the resources needed to enter into a long-term contract for a full-year's supply of heavy fuel oil at a fixed price. The long-term contract protects us from oil market volatility. And, equally important, KEDO was able to give assurances that it would meet a delivery schedule that was very close to what the DPRK had requested.

KEDO in the last year has played an especially critical role in the effort to bring North Korea into the international community and to improve prospects for peace on the Korean Peninsula.

Nowhere was this more apparent than in the visit of DPRK senior management officials to South Korea last December -- at a time when North-South relations had hit a particularly rough patch. Those North Korean officials took home an eyewitness account of the tangible progress in the light water reactor project, such as the fabrication of the reactor vessels, the steam generators, and components of the turbine generators for the reactors.

As effective as KEDO has been in carrying out its mandate, the organization - and all of the participating countries here today - should recognize that we are entering a new phase, one that could determine the success of the Agreed Framework -- both in terms of what we are asking of North Korea and in terms of how we carry out our own obligations.

According to the Agreed Framework, when a significant portion of the light water reactor project is completed, but before delivery of key nuclear components, the DPRK will come into full compliance with its safeguards agreement with the IAEA, including taking all steps that may be deemed necessary by the IAEA, following consultations with the Agency with regard to verifying the accuracy and completeness of the DPRK's initial report on all nuclear material in the DPRK.

I can't overstate the stakes both KEDO and the DPRK alike have in carrying out our respective commitments in a manner which enables the light water reactor project to be completed as expeditiously as possible.

Ambassador Chang and I have written to many of your governments expressing the need for more support, and I am delighted to report that many countries have made important new contributions. In this regard, I want to pay special tribute to those nations and organizations which have provided new support to KEDO since our last General Conference: the Republic of Korea, Japan, the European Union, Australia, Canada, New Zealand, Singapore, Finland, Thailand, Qatar and Poland.

However, new funding is urgently needed. All of us have shared interests in the success of KEDO's mission -- non-proliferation and lasting peace on the Korean Peninsula. And we've proven we can work together when we're facing a real crisis. Our challenge now is more difficult - to together mobilize the resources needed for KEDO to avoid a new crisis down the road.

It's in that spirit that I'd again like to call on countries that have contributed in the past, as well as those that have not, to help KEDO advance our shared objectives through the implementation of the Agreed Framework. Thank you very much.