Appendix I

The Baruch Plan

(Presented to the United Nations Atomic Energy Commission, June 14, 1946)

My Fellow Members of the United Nations Atomic Energy Commission, and My Fellow Citizens of the World:

We are here to make a choice between the quick and the dead.

That is our business.

Behind the black portent of the new atomic age lies a hope which, seized upon with faith, can work our salvation. If we fail, then we have damned every man to be the slave of Fear. Let us not deceive ourselves: We must elect World Peace or World Destruction.

Science has torn from nature a secret so vast in its potentialities that our minds cower from the terror it creates. Yet terror is not enough to inhibit the use of the atomic bomb. The terror created by weapons has never stopped man from employing them. For each new weapon a defense has been produced, in time. But now we face a condition in which adequate defense does not exist.

Science, which gave us this dread power, shows that it can be made a giant help to humanity, but science does not show us how to prevent its baleful use. So we have been appointed to obviate that peril by finding a meeting of the minds and the hearts of our peoples. Only in the will of mankind lies the answer.

It is to express this will and make it effective that we have been assembled. We must provide the mechanism to assure that atomic energy is used for peaceful purposes and preclude its use in war. To that end, we must provide immediate, swift, and sure punishment of those who violate the agreements that are reached by the nations. Penalization is essential if peace is to be more than a feverish interlude between wars. And, too, the United Nations can prescribe individual responsibility and punishment on the principles applied at Nuremberg by the Union of Soviet Socialist Republics, the United Kingdom, France and the United States - a formula certain to benefit the world's future.

In this crisis, we represent not only our governments but, in a larger way, we represent the peoples of the world. We must remember that the peoples do not belong to the governments but that the governments belong to the peoples. We must answer their demands; we must answer the world's longing for peace and security.

In that desire the United States shares ardently and hopefully. The search of science for the absolute weapon has reached fruition in this country. But the stands ready to proscribe and destroy this instrument - to lift its use from death to life - if the world will join in a pact to that end.

In our success lies the promise of a new life, freed from the heart-stopping fears that now beset the world. The beginning of victory for the great ideals for which millions have bled and died lies in building a workable plan. Now we approach fulfillment of the aspirations of mankind. At the end of the road lies the fairer, better, surer life we crave and mean to have.
Only by a lasting peace are liberties and democracies strengthened and deepened. War is their enemy. And it will not do to believe that any of us can escape war's devastation. Victor, vanquished, and neutrals alike are affected physically, economically and morally.

Against the degradation of war we can erect a safeguard. That is the guerdon for which we reach. Within the scope for the formula we outline here there will be found, to those who seek it, the essential elements of our purpose. Others will see only emptiness. Each of us carries his own mirror in which is reflected hope - or determined desperation - courage or cowardice.

There is a famine throughout the world today. It starves men's bodies. But there is a greater famine - the hunger of men's spirit. That starvation can be cured by the conquest of fear, and the substitution of hope, from which springs faith - faith in each other, faith that we want to work together toward salvation, and determination that those who threaten the peace and safety shall be punished.

The peoples of these democracies gathered here have a particular concern with our answer, for their peoples hate war. They will have a heavy exaction to make of those who fail to provide an escape. They are not afraid of an internationalism that protects; they are unwilling to be fobbed off by mouthings about narrow sovereignty, which is today's phrase for yesterday's isolation.

The basis of a sound foreign policy, in this new age, for all the nations here gathered, is that anything that happens, no matter where or how, which menaces the peace of the world, or the economic stability, concerns each and all of us.

That roughly, may be said to be the central theme of the United Nations. It is with that thought we begin consideration of the most important subject that can engage mankind - life itself.

Let there be no quibbling about the duty and the responsibility of this group and of the governments we represent. I was moved, in the afternoon of my life, to add my effort to gain the world's quest, by the broad mandate under which we were created. The resolution of the General Assembly, passed January 24, 1946 in London reads:

Section V. Terms of References of the Commission

The Commission shall proceed with the utmost despatch and enquire into all phases of the problem, and make such recommendations from time to time with respect to them as it finds possible. In particular the Commission shall make specific proposals:

a. For extending between all nations the exchange of basic scientific information for peaceful ends;

b. For control of atomic energy to the extent necessary to ensure its use only for peaceful purposes;

c. For the elimination from national armaments of atomic weapons and of all other major weapons adaptable to mass destruction;

d. For effective safeguards by way of inspection and other means to protect complying States against the hazards of violations and evasions.
The work of the Commission should proceed by separate stages, the successful completion of each of which will develop the necessary confidence of the world before the next stage is undertaken. ...

Our mandate rests, in text and spirit, upon the outcome of the Conference in Moscow of Messrs Molotov of the Union of Soviet Socialist Republics, Bevin of the United Kingdom, and Byrnes of the United States of America. The three Foreign Ministers on December 27, 1945 proposed the establishment of this body.

Their action was animated by a preceding conference in Washington on November 15, 1945, when the President of the United States, associated with Mr Attlee, Prime Minister of the United Kingdom, and Mr Mackenzie King, Prime Minister of Canada, stated that international control of the whole field of atomic energy was immediately essential. They proposed the formation of this body. In examining that source, the Agreed Declaration, it will be found that the fathers of the concept recognized the final means of world salvation - the abolition of war. Solemnly they wrote:

We are aware that the only complete protection for the civilized world from the destructive use of scientific knowledge lies in the prevention of war. No system of safeguards that can be devised will of itself provide an effective guarantee against production of atomic weapons by a nation bent on aggression. Nor can we ignore the possibility of the development of other weapons, or of new methods of warfare, which may constitute as great a threat to civilization as the military use of atomic energy.

Through the historical approach I have outlined, we find ourselves here to test if man can produce, through his will and faith, the miracle of peace, just as he has, through science and skill, the miracle of the atom.

The United States proposes the creation of an International Atomic Development Authority, to which should be entrusted all phases of the development and use of atomic energy, starting with the raw material and including:

1. Managerial control or ownership of all atomic-energy, activities potentially dangerous to world security.
2. Power to control, inspect, and license all other atomic activities.
3. The duty of fostering the beneficial uses of atomic energy.
4. Research and development responsibilities of an affirmative character intended to put the Authority in the forefront of atomic knowledge and thus to enable it to comprehend, and therefore to detect, misuse of atomic energy. To be effective, the Authority must itself be the world's leader in the field of atomic knowledge and development and thus supplement its legal authority with the great power inherent in possession of leadership in knowledge.

I offer this as a basis for beginning our discussion.

But I think the peoples we serve would not believe - and without faith nothing counts - that a treaty, merely outlawing possession or use of the atomic bomb, constitutes effective fulfillment of the instructions to this Commission. Previous failures have been recorded in trying the method of simple renunciation,
unsupported by effective guaranties of security and armament limitation. No one
would have faith in that approach alone.

Now, if ever, is the time to act for the common good. Public opinion supports a
world movement toward security. If I read the signs aright, the peoples want a
program not composed merely of pious thoughts but of enforceable sanctions - an
international law with teeth in it.

We of this nation, desirous of helping to bring peace to the world and realizing the
heavy obligations upon us arising from our possession of the means of producing
the bomb and from the fact that it is part of our armament, are prepared to make
our full contribution toward effective control of atomic energy.

When an adequate system for control of atomic energy, including the renunciation
of the bomb as a weapon, has been agreed upon and put into effective operation
and condign punishments set up for violations of the rules of control which are to
be stigmatized as international crimes, we propose that:

1. Manufacture of atomic bombs shall stop;
2. Existing bombs shall be disposed of pursuant to the terms of the
treaty; and
3. The Authority shall be in possession of full information as to the
know-how for the production of atomic energy.

Let me repeat, so as to avoid misunderstanding: My country is ready to make its
full contribution toward the end we seek, subject of course to our constitutional
processes and to an adequate system of control becoming fully effective, as we
finally work it out.

Now as to violations: In the agreement, penalties of as serious a nature as the
nations may wish and as immediate and certain in their execution as possible
should be fixed for:

1. Illegal possession or use of an atomic bomb;
2. Illegal possession, or separation, of atomic material suitable for use
in an atomic bomb;
3. Seizure of any plant or other property belonging to or licensed by
the Authority;
4. Willful interference with the activities of the Authority;
5. Creation or operation of dangerous projects in a manner contrary to,
or in the absence of, a license granted by the international control
body.

It would be a deception, to which I am unwilling to lend myself, were I not to say
to you and to our peoples that the matter of punishment lies at the very heart of
our present security system. It might as well be admitted, here and now, that the
subject goes straight to the veto power contained in the Charter of the United
Nations so far as it relates to the field of atomic energy. The Charter permits
penalization only by concurrence of each of the five great powers - the Union of
Soviet Socialist Republics, the United Kingdom, China, France, and the United
States.
I want to make very plain that I am concerned here with the veto power only as it affects this particular problem. There must be no veto to protect those who violate their solemn agreements not to develop or use atomic energy for destructive purposes.

The bomb does not wait upon debate. To delay may be to die. The time between violation and preventive action or punishment would be all too short for extended discussion as to the course to be followed.

As matters now stand several years may be necessary for another country to produce a bomb, de novo. However, once the basic information is generally known, and the Authority has established producing plants for peaceful purposes in the several countries, an illegal seizure of such a plant might permit a malevolent nation to produce a bomb in 12 months, and if preceded by secret preparation and necessary facilities perhaps even in a much shorter time. The time required - the advance warning given of the possible use of a bomb - can only be generally estimated but obviously will depend upon many factors, including the success with which the Authority has been able to introduce elements of safety in the design of its plants and the degree to which illegal and secret preparation for the military use of atomic energy will have been eliminated. Presumably no nation would think of starting a war with only one bomb.

This shows how imperative speed is in detecting and penalizing violations.

The process of prevention and penalization - a problem of profound statecraft - is, as I read it, implicit in the Moscow statement, signed by the Union of Soviet Socialist Republics, the United States and the United Kingdom a few months ago. But before a country is ready to relinquish any winning weapons it must have more than words to reassure it. It must have a guarantee of safety, not only against the offenders in the atomic area but against the illegal users of other weapons - bacteriological, biological, gas - perhaps - why not! - against war itself.

In the elimination of war lies our solution, for only then will nations cease to compete with one another in the production and use of dread 'secret' weapons which are evaluated solely by their capacity to kill. This devilish program takes us back not merely to the Dark Ages but from cosmos to chaos. If we succeed in finding a suitable way to control atomic weapons, it is reasonable to hope that we may also preclude the use of other weapons adaptable to mass destruction. When a man learns to say 'A' he can, if he chooses, learn the rest of the alphabet too.

Let this be anchored in our minds:

Peace is never long preserved by weight of metal or by an armament race. Peace can be made tranquil and secure only by understanding and agreement fortified by sanctions. We must embrace international cooperation or international disintegration.

Science has taught us how to put the atom to work. But to make it work for good instead of for evil lies in the domain dealing with the principles of human duty. We are now facing a problem more of ethics than of physics.

The solution will require apparent sacrifice in pride and in position, but better pain as the price of peace than death as the price of war.

I now submit the following measures as representing the fundamental features of a plan which would give effect to certain of the conclusions with I have epitomized.
1. *General.* The Authority should set up a thorough plan for control of the field of atomic energy, through various forms of ownership, dominion, licenses, operation, inspection, research, and management by competent personnel. After this is provided for, there should be as little interference as may be with the economic plans and the present private, corporate and state relationships in the several countries involved.

2. *Raw Materials.* The Authority should have as one of its earliest purposes to obtain and maintain complete and accurate information on world supplies of uranium and thorium, and to bring them under its dominion. The precise pattern of control for various types of deposits of such materials will have to depend upon the geological, mining, refining and economic facts involved in different situations.

The Authority should conduct continuous surveys so that it will have the most complete knowledge of the world geology of uranium and thorium. Only after all current information on world sources of uranium and thorium is known to us all can equitable plans be made for their productions, refining, and distribution.

3. *Primary Production Plants.* The Authority should exercise complete managerial control of the production of fissionable materials in dangerous quantities and must own and control the product of these plants.

4. *Atomic Explosives.* The Authority should be given sole and exclusive right to conduct research in the field of atomic explosives. Research activities in the field of atomic explosives are essential in order that the Authority may keep in the forefront of knowledge in the field of atomic energy and fulfill the objective of preventing illicit manufacture of bombs. Only by maintaining its position as the best-informed agency will the Authority be able to determine the line between intrinsically dangerous and non-dangerous activities.

5. *Strategic Distribution of Activities and Materials.* The activities entrusted exclusively to the Authority because they are intrinsically dangerous to security should be distributed throughout the world. Similarly, stockpiles of raw materials and fissionable materials should not be centralized.

6. *Non-Dangerous Activities.* A function of the Authority should be promotion of the peacetime benefits of atomic energy.

Atomic research (except in explosives), the use of research reactors, the production of radioactive tracers by means of non-dangerous reactors, the use of such tracers, and to some extent the production of power should be open to nations and their citizens under reasonable licensing arrangements from the Authority. Denatured materials, whose use we know also requires suitable safeguards, should be furnished for such purposes by the Authority under lease or other arrangement. Denaturing seems to have been overestimated by the public as a safety measure.

7. *Definition of Dangerous and Non-Dangerous Activities.* Although a reasonable dividing line can be drawn between dangerous and non-dangerous activities, it is not hard and fast. Provision should, therefore, be made to assure constant re-examination of the questions and to permit revision of the dividing line as changing conditions and new discoveries may require.

8. *Operations of Dangerous Activities.* Any plant dealing with uranium or thorium after it once reaches the potential of dangerous use must be not only subject to the
most rigorous and competent inspection by the Authority, but its actual operation shall be under the management, supervision, and control of the Authority.

9. Inspection. By assigning intrinsically dangerous activities exclusively to the Authority, the difficulties of inspection are reduced. If the Authority is the only agency which may lawfully conduct dangerous activities, then visible operation by others than the Authority will constitute an unambiguous danger signal. Inspection will also occur in connection with the licensing functions of the Authority.

10. Freedom of Access. Adequate ingress and egress for all qualified representatives of the Authority must be assured. Many of the inspection activities of the Authority should grow out of and be incidental to, its other functions. Important measures of inspection will be associated with the tight control of raw materials, for this is a keystone of the plan. The continuing activities of prospecting, survey, and research in relation to raw materials will be designed not only to serve the affirmative development functions of the Authority but also to assure that no surreptitious operations are conducted in the raw-materials field by nations or their citizens.

11. Personnel. The personnel of the Authority should be recruited on a basis of proven competence but also so far as possible on an international basis.

12. Progress by Stages. A primary step in the creation of the system of control is the setting forth, in comprehensive terms, of the functions, responsibilities, powers, and limitations of the Authority. Once a charter for the Authority has been adopted, the Authority and the system of control for which it will be responsible will require time to become fully organized and effective. The plan of control will, therefore, have to come into effect in successive stages. These should be specifically fixed in the charter or means should be otherwise set forth in the charter for transitions from one stage to another, as contemplated in the resolution of the United Nations Assembly which created this Commission.

13. Disclosures. In the deliberations of the United Nations Commission on Atomic Energy, the United States is prepared to make available the information essential to a reasonable understanding of the proposals which it advocates. Further disclosures must be dependent, in the interests of all, upon the effective ratification of the treaty. When the Authority is actually created, the United States will join the other nations in making available the further information essential to that organization for the performance of its functions. As the successive stages of international control are reached, the United States will be prepared to yield, to the extent required by each stage, national control of activities in this field to the Authority.

14. International Control. There will be questions about the extent of control to be allowed to national bodies, when the Authority is established. Purely national authorities for control and development of atomic energy should to the extent necessary for the effective operation of the Authority be subordinate to it. This is neither an endorsement nor a disapproval of the creation of national authorities. The Commission should evolve a clear demarcation of the scope of duties and responsibilities of such national authorities.

And now I end. I have submitted an outline for present discussion. Our consideration will be broadened by the criticism of the United States proposals and by the plans of the other nations, which, it is to be hoped, will be submitted at
their early convenience. I and my associates of the United States Delegation will make available to each member of this body books and pamphlets, including the Acheson-Lilienthal report, recently made by the United States Department of State, and the McMahon Committee Monograph No. I entitled 'Essential Information on Atomic Energy' relating to the McMahon bill recently passed by the United States Senate, which may prove of value in assessing the situation.

All of us are consecrated to making an end of gloom and hopelessness. It will not be an easy job. The way is long and thorny, but supremely worth traveling. All of us want to stand erect, with our faces to the sun, instead of being forced to burrow into the earth, like rats.

The pattern of salvation must be worked out by all for all.

The light at the end of the tunnel is dim, but our path seems to grow brighter as we actually begin our journey. We cannot yet light the way to the end. However, we hope the suggestions of my Government will be illuminating.

Let us keep in mind the exhortation of Abraham Lincoln, whose words, uttered at a moment of shattering national peril, form a complete text for our deliberation. I quote, paraphrasing slightly:

We cannot escape history. We of this meeting will be remembered in spite of ourselves. No personal significance or insignificance can spare one or another of us. The fiery trial through which we are passing will light us down in honor or dishonor to the latest generation.

We say we are for Peace. The world will not forget that we say this. We know how to save Peace. The world knows that we do. We, even we here, hold the power and have the responsibility.

We shall nobly save, or meanly lose, the last, best hope of earth. The way is plain, peaceful, generous, just - a way which, if followed, the world will forever applaud.

My thanks for your attention.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The foregoing analysis indicates that the probable fission bomb capability and possible thermonuclear bomb capability of the Soviet Union have greatly intensified the Soviet threat to the security of the United States. This threat is of the same character as that described in NSC 20/4 (approved by the President on November 24, 1948) but is more immediate than had previously been estimated. In particular, the United States now faces the contingency that within the next four or five years the Soviet Union will possess the military capability of delivering a surprise atomic attack of such weight that the United States must have substantially increased general air, ground, and sea strength, atomic capabilities, and air and civilian defenses to deter war and to provide reasonable assurance, in the event of war, that it could survive the initial blow and go on to the eventual attainment of its objectives. In return, this contingency requires the intensification of our efforts in the fields of intelligence and research and development.

Allowing for the immediacy of the danger, the following statement of Soviet threats, contained in NSC 20/4, remains valid:

14. The gravest threat to the security of the United States within the foreseeable future stems from the hostile designs and formidable power of the USSR, and from the nature of the Soviet system.

15. The political, economic, and psychological warfare which the USSR is now waging has dangerous potentialities for weakening the relative world position of the United States and disrupting its traditional institutions by means short of war, unless sufficient resistance is encountered in the policies of this and other non-communist countries.

16. The risk of war with the USSR is sufficient to warrant, in common prudence, timely and adequate preparation by the United States.
a. Even though present estimates indicate that the Soviet leaders probably do not intend deliberate armed action involving the United States at this time, the possibility of such deliberate resort to war cannot be ruled out.

b. Now and for the foreseeable future there is a continuing danger that war will arise either through Soviet miscalculation of the determination of the United States to use all the means at its command to safeguard its security, through Soviet misinterpretation of our intentions, or through U.S. miscalculation of Soviet reactions to measures which we might take.

17. Soviet domination of the potential power of Eurasia, whether achieved by armed aggression or by political and subversive means, would be strategically and politically unacceptable to the United States.

18. The capability of the United States either in peace or in the event of war to cope with threats to its security or to gain its objectives would be severely weakened by internal development, important among which are:

a. Serious espionage, subversion and sabotage, particularly by concerted and well-directed communist activity.

b. Prolonged or exaggerated economic instability.

c. Internal political and social disunity.

d. Inadequate or excessive armament or foreign aid expenditures.

e. An excessive or wasteful usage of our resources in time of peace.

f. Lessening of U.S. prestige and influence through vacillation of appeasement or lack of skill and imagination in the conduct of its foreign policy or by shirking world responsibilities.

g. Development of a false sense of security through a deceptive change in Soviet tactics.

Although such developments as those indicated in paragraph 18 above would severely weaken the capability of the United States and its allies to cope with the Soviet threat to their security, considerable progress has been made since 1948 in laying the foundation upon which adequate strength can now be rapidly built.

The analysis also confirms that our objectives with respect to the Soviet Union, in time of peace as well as in time of war, as stated in NSC 20/4 (para. 19), are still valid, as are the aims and measures stated therein (paras. 20 and 21). Our current security programs and strategic plans are based upon these objectives, aims, and measures:

19. a. To reduce the power and influence of the USSR to limits which no longer constitute a threat to the peace, national independence, and stability of the world family of nations.
b. To bring about a basic change in the conduct of international relations by the
government in power in Russia, to conform with the purposes and principles set
forth in the UN Charter.

In pursuing these objectives, due care must be taken to avoid permanently
impairing our economy and the fundamental values and institutions inherent in
our way of life.

20. We should endeavor to achieve our general objectives by methods short of war
through the pursuit of the following aims:

a. To encourage and promote the gradual retraction of undue Russian power and
influence from the present perimeter areas around traditional Russian boundaries
and the emergence of the satellite countries as entities independent of the USSR.

b. To encourage the development among the Russian peoples of attitudes which
may help to modify current Soviet behavior and permit a revival of the national
life of groups evidencing the ability and determination to achieve and maintain
national independence.

c. To eradicate the myth by which people remote from Soviet military influence
are held in a position of subservience to Moscow and to cause the world at large to
see and understand the true nature of the USSR and the Soviet-directed world
communist party, and to adopt a logical and realistic attitude toward them.

d. To create situations which will compel the Soviet Government to recognize the
practical undesirability of acting on the basis of its present concepts and the
necessity of behaving in accordance with precepts of international conduct, as set
forth in the purposes and principles of the UN Charter.

21. Attainment of these aims requires that the United States:

a. Develop a level of military readiness which can be maintained as long as
necessary as a deterrent to Soviet aggression, as indispensable support to our
political attitude toward the USSR, as a source of encouragement to nations
resisting Soviet political aggression, and as an adequate basis for immediate
military commitments and for rapid mobilization should war prove unavoidable.

b. Assure the internal security of the United States against dangers of sabotage,
subversion, and espionage.

c. Maximize our economic potential, including the strengthening of our peacetime
economy and the establishment of essential reserves readily available in the event
of war.

d. Strengthen the orientation toward the United States of the non-Soviet nations;
and help such of those nations as are able and willing to make an important
contribution to U.S. security, to increase their economic and political stability and
their military capability.
e. Place the maximum strain on the Soviet structure of power and particularly on the relationships between Moscow and the satellite countries.

f. Keep the U.S. public fully informed and cognizant of the threats to our national security so that it will be prepared to support the measures which we must accordingly adopt.

In the light of present and prospective Soviet atomic capabilities, the action which can be taken under present programs and plans, however, becomes dangerously inadequate, in both timing and scope, to accomplish the rapid progress toward the attainment of the United States political, economic, and military objectives which is now imperative.

A continuation of present trends would result in a serious decline in the strength of the free world relative to the Soviet Union and its satellites. This unfavorable trend arises from the inadequacy of current programs and plans rather than from any error in our objectives and aims. These trends lead in the direction of isolation, not by deliberate decision but by lack of the necessary basis for a vigorous initiative in the conflict with the Soviet Union.

Our position as the center of power in the free world places a heavy responsibility upon the United States for leadership. We must organize and enlist the energies and resources of the free world in a positive program for peace which will frustrate the Kremlin design for world domination by creating a situation in the free world to which the Kremlin will be compelled to adjust. Without such a cooperative effort, led by the United States, we will have to make gradual withdrawals under pressure until we discover one day that we have sacrificed positions of vital interest.

It is imperative that this trend be reversed by a much more rapid and concerted build-up of the actual strength of both the United States and the other nations of the free world. The analysis shows that this will be costly and will involve significant domestic financial and economic adjustments.

The execution of such a build-up, however, requires that the United States have an affirmative program beyond the solely defensive one of countering the threat posed by the Soviet Union. This program must light the path to peace and order among nations in a system based on freedom and justice, as contemplated in the Charter of the United Nations. Further, it must envisage the political and economic measures with which and the military shield behind which the free world can work to frustrate the Kremlin design by the strategy of the cold war; for every consideration of devotion to our fundamental values and to our national security demands that we achieve our objectives by the strategy of the cold war, building up our military strength in order that it may not have to be used. The only sure victory lies in the frustration of the Kremlin design by the steady development of the moral and material strength of the free world and its projection into the Soviet world in such a way as to bring about an internal change in the Soviet system. Such a positive program--harmonious with our fundamental national purpose and our objectives--is necessary if we are to regain and retain the
initiative and to win and hold the necessary popular support and cooperation in the United States and the rest of the free world.

This program should include a plan for negotiation with the Soviet Union, developed and agreed with our allies and which is consonant with our objectives. The United States and its allies, particularly the United Kingdom and France, should always be ready to negotiate with the Soviet Union on terms consistent with our objectives. The present world situation, however, is one which militates against successful negotiations with the Kremlin--for the terms of agreements on important pending issues would reflect present realities and would therefore be unacceptable, if not disastrous, to the United States and the rest of the free world. After a decision and a start on building up the strength of the free world has been made, it might then be desirable for the United States to take an initiative in seeking negotiations in the hope that it might facilitate the process of accommodation by the Kremlin to the new situation. Failing that, the unwillingness of the Kremlin to accept equitable terms or its bad faith in observing them would assist in consolidating popular opinion in the free world in support of the measures necessary to sustain the build-up.

In summary, we must, by means of a rapid and sustained build-up of the political, economic, and military strength of the free world, and by means of an affirmative program intended to wrest the initiative from the Soviet Union, confront it with convincing evidence of the determination and ability of the free world to frustrate the Kremlin design of a world dominated by its will. Such evidence is the only means short of war which eventually may force the Kremlin to abandon its present course of action and to negotiate acceptable agreements on issues of major importance.

The whole success of the proposed program hangs ultimately on recognition by this Government, the American people, and all free peoples, that the cold war is in fact a real war in which the survival of the free world is at stake. Essential prerequisites to success are consultations with Congressional leaders designed to make the program the object of non-partisan legislative support, and a presentation to the public of a full explanation of the facts and implications of the present international situation. The prosecution of the program will require of us all the ingenuity, sacrifice, and unity demanded by the vital importance of the issue and the tenacity to persevere until our national objectives have been attained.

Recommendations

That the President:

a. Approve the foregoing Conclusions.

b. Direct the National Security Council, under the continuing direction of the President, and with the participation of other Departments and Agencies as appropriate, to coordinate and insure the implementation of the Conclusions herein on an urgent and continuing basis for as long as necessary to achieve our objectives. For this purpose, representatives of the member Departments and Agencies, the Joint Chiefs of Staff or their deputies, and other Departments and
Agencies as required should be constituted as a revised and strengthened staff organization under the National Security Council to develop coordinated programs for consideration by the National Security Council.

NOTES

1. Marshal Tito, the Communist leader of Yugoslavia, broke away from the Soviet bloc in 1948.

2. The Secretary of State listed seven areas in which the Soviet Union could modify its behavior in such a way as to permit co-existence in reasonable security. These were:

   1. Treaties of peace with Austria, Germany, Japan and relaxation of pressures in the Far East;
   2. Withdrawal of Soviet forces and influence from satellite area;
   3. Cooperation in the United Nations;
   4. Control of atomic energy and of conventional armaments;
   5. Abandonment of indirect aggression;
   6. Proper treatment of official representatives of the U.S.;
   7. Increased access to the Soviet Union of persons and ideas from other countries. [Footnote in the source text. For the text of the address delivered by Secretary Acheson at the University of California, Berkeley, on March 16, 1950, concerning United States--Soviet relations, see Department of State Bulletin, March 27, 1950, pp. 473-478.]

Source: http://www.fas.org/irp/offdocs/nsc-hst/nsc-68.htm
Appendix III

Agreed Framework between the United States of America and the Democratic People’s Republic of Korea

Geneva, October 21, 1994

Delegations of the governments of the United States of America (U.S.) and the Democratic People’s Republic of Korea (DPRK) held talks in Geneva from September 23 to October 21, 1994, to negotiate an overall resolution of the nuclear issue on the Korean Peninsula.

Both sides reaffirmed the importance of attaining the objectives contained in the August 12, 1994 Agreed Statement between the U.S. and the DPRK and upholding the principles of the June 11, 1993 Joint Statement of the U.S. and the DPRK to achieve peace and security on a nuclear-free Korean peninsula. The U.S. and the DPRK decided to take the following actions for the resolution of the nuclear issue:

I. Both sides will cooperate to replace the DPRK’s graphite-moderated reactors and related facilities with light-water reactor (LWR) power plants.

1) In accordance with the October 20, 1994 letter of assurance from the U.S. President, the U.S. will undertake to make arrangements for the provision to the DPRK of a LWR project with a total generating capacity of approximately 2,000 MW(e) by a target date of 2003.

- The U.S. will organize under its leadership an international consortium to finance and supply the LWR project to be provided to the DPRK. The U.S., representing the international consortium, will serve as the principal point of contact with the DPRK for the LWR project.
- The U.S., representing the consortium, will make best efforts to secure the conclusion of a supply contract with the DPRK within six months of the date of this Document for the provision of the LWR project. Contract talks will begin as soon as possible after the date of this Document.
- As necessary, the U.S. and the DPRK will conclude a bilateral agreement for cooperation in the field of peaceful uses of nuclear energy.

2) In accordance with the October 20, 1994 letter of assurance from the U.S. President, the U.S., representing the consortium, will make arrangements to offset the energy foregone due to the freeze of the DPRK’s graphite-moderated reactors and related facilities, pending completion of the first LWR unit.

- Alternative energy will be provided in the form of heavy oil for heating and electricity production.
Deliveries of heavy oil will begin within three months of the date of this Document and will reach a rate of 500,000 tons annually, in accordance with an agreed schedule of deliveries.

3) Upon receipt of U.S. assurances for the provision of LWR’s and for arrangements for interim energy alternatives, the DPRK will freeze its graphite-moderated reactors and related facilities and will eventually dismantle these reactors and related facilities.

- The freeze on the DPRK’s graphite-moderated reactors and related facilities will be fully implemented within one month of the date of this Document. During this one-month period, and throughout the freeze, the International Atomic Energy Agency (IAEA) will be allowed to monitor this freeze, and the DPRK will provide full cooperation to the IAEA for this purpose.
- Dismantlement of the DPRK’s graphite-moderated reactors and related facilities will be completed when the LWR project is completed.
- The U.S. and the DPRK will cooperate in finding a method to store safely the spent fuel from the 5 MW(e) experimental reactor during the construction of the LWR project, and to dispose of the fuel in a safe manner that does not involve reprocessing in the DPRK.

4) As soon as possible after the date of this document U.S. and DPRK experts will hold two sets of experts talks.

- At one set of talks, experts will discuss issues related to alternative energy and the replacement of the graphite-moderated reactor program with the LWR project.
- At the other set of talks, experts will discuss specific arrangements for spent fuel storage and ultimate disposition.

II. The two sides will move toward full normalization of political and economic relations.

1) Within three months of the date of this Document, both sides will reduce barriers to trade and investment, including restrictions on telecommunications services and financial transactions.

2) Each side will open a liaison office in the other’s capital following resolution of consular and other technical issues through expert level discussions.

3) As progress is made on issues of concern to each side, the U.S. and the DPRK will upgrade bilateral relations to the Ambassadorial level.

III. Both sides will work together for peace and security on a nuclear-free Korean peninsula.

1) The U.S. will provide formal assurances to the DPRK, against the threat or use of nuclear weapons by the U.S.

2) The DPRK will consistently take steps to implement the North-South Joint Declaration on the Denuclearization of the Korean Peninsula.
3) The DPRK will engage in North-South dialogue, as this Agreed Framework will help create an atmosphere that promotes such dialogue.

IV. Both sides will work together to strengthen the international nuclear non-proliferation regime.

1) The DPRK will remain a party to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and will allow implementation of its safeguards agreement under the Treaty.

2) Upon conclusion of the supply contract for the provision of the LWR project, ad hoc and routine inspections will resume under the DPRK's safeguards agreement with the IAEA with respect to the facilities not subject to the freeze. Pending conclusion of the supply contract, inspections required by the IAEA for the continuity of safeguards will continue at the facilities not subject to the freeze.

3) 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 safeguards agreement with the IAEA (INFCIRC/403), 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.

Kang Sok Ju
Head of the Delegation of the Democratic People's Republic of Korea, First Vice-Minister of Foreign Affairs of the Democratic People's Republic of Korea

Robert L. Gallucci
Head of Delegation of the United States of America, Ambassador at Large of the United States of America

Joint Declaration of the Denuclearization of the Korean Peninsula

Bureau of Arms Control
Washington, DC

Signed January 20, 1992
Entered into force February 19, 1992

The South and the North,

Desiring to eliminate the danger of nuclear war through denuclearization of the Korean peninsula, and thus to create an environment and conditions favorable for peace and peaceful unification of our country and contribute to peace and security in Asia and the world,

Declare as follows;

1. The South and the North shall not test, manufacture, produce, receive, possess, store, deploy or use nuclear weapons.

2. The South and the North shall use nuclear energy solely for peaceful purposes.

3. The South and the North shall not possess nuclear reprocessing and uranium enrichment facilities.

4. The South and the North, in order to verify the denuclearization of the Korean peninsula, shall conduct inspection of the objects selected by the other side and agreed upon between the two sides, in accordance with procedures and methods to be determined by the South-North Joint Nuclear Control Commission.

5. The South and the North, in order to implement this joint declaration, shall establish and operate a South-North joint Nuclear Control Commission within one (1) month of the effectuation of this joint declaration.

6. This Joint Declaration shall enter into force as of the day the two sides exchange appropriate instruments following the completion of their respective procedures for bringing it into effect.
Signed on January 20, 1992

Chung Won-shik
Prime Minister of the Republic of Korea;
Chief delegate of the South delegation to the South-North High-Level Talks

Yon Hyong-muk
Premier of the Administration Council of the Democratic People's Republic of Korea;
Head of the North delegation to the South-North High-Level Talks

Appendix V

Statement of the Government of the Democratic People's Republic of Korea
(Intention to withdraw from NPT, 12 March 1993)

Pyongyang, 12 March 1993

A grave situation has been created today in our country, which threatens its national sovereignty and the security of our state. The United States and the south Korean authorities have defiantly resumed the "Team Spirit" joint military exercises, a nuclear war rehearsal against the Democratic People's Republic of Korea (DPRK), and, in coincidence with this, some officials of the Secretariat of the International Atomic Energy Agency (IAEA) and certain member nations following the lead of the United States had a "resolution" adopted at the February 25 meeting of the IAEA Board of Governors, demanding a special inspection of our military sites unrelated to nuclear activities. This is an encroachment on the sovereignty of the DPRK, an interference in its internal affairs and a hostile act aimed at stifling our socialism.

The DPRK government sharply condemns the reckless nuclear war machinations of the United States and the South Korean authorities against the Korean people and decisively rejects the unjust resolution of the meeting of the IAEA Board of Governors.

Proceeding from its anti-nuclear, peace policy, the DPRK Government joined the Nuclear Non-Proliferation Treaty (NPT) and has since fulfilled its obligations under the NPT in good faith. It was on the premise that the depository states of the NPT should neither deploy their nuclear weapons on the Korean peninsula nor pose any nuclear threat against the DPRK that the DRPK government signed the Safeguards Agreement with the IAEA and accepted the IAEA inspections.

Nevertheless, the United States remains unchanged in continuing its nuclear war threats against the DPRK, far from fulfilling its obligations under the NPT as a nuclear-weapon state to withdraw its nuclear weapons from South Korea and remove its nuclear war threats against the DPRK.

The United States still maintains its nuclear weapons in South Korea and continues to reinforce its nuclear storages there with modernized nuclear weapons and equipment.

This serves to prove that the "statements" such as the so-called announcement on the "complete withdrawal of tactical nuclear weapons" by the United States and the "declaration on the absence of nuclear weapons" by the south Korean authorities were all nothing but a trickery to deceive our people and the world peoples.

Although an agreement on non-aggression was reached between the north and the south and the DPRK has been faithfully fulfilling its international obligations under the NPT and Safeguards Agreement, the proposed inspection of the U.S. nuclear weapons and nuclear bases in south Korea remains yet to be carried out.
and our people's misgivings about the U.S. nuclear threats have not yet been dispelled.

Despite the strong opposition by our people and the world peoples, the United States resumed when the inspection of our country by the IAEA was going on the "Team Spirit" joint military exercises, which it had suspended before the IAEA inspections of the DPRK started, thus openly increasing its nuclear threats.

The "Team Spirit" joint military manoeuvres run downright counter to the idea and purposes of the NPT which calls for respect of territorial integrity and sovereignty and stop to nuclear threat. The resumption of the "Team Spirit" joint military manoeuvres, a nuclear war rehearsal targeted against the DPRK, is driving the situation on the Korean peninsula to such an unpredictable extreme, which has compelled our country to entry a semi-war state.

Still more grave is the fact that the IAEA passed a resolution aimed at forcing a "special inspection" of our military installations, thus joining the United States in its anti-DPRK machinations to "internationalize" the so-called "nuclear problem" of the DPRK and to impose "collective sanctions" and "pressure" on it.

It is on the basis of the "intelligence information" fabricated by the United States, a belligerent party vis-a-vis the DPRK, that some officials of the IAEA secretariat are trying to enforce the inspection of our major military installations which are unrelated to nuclear activities.

As for an inspection of the military installation in question, it has nothing to do at all with the inspections under the Safeguards Agreement, and it is a matter outside the competency of the IAEA.

If we submissively accept an unjust inspection by the IAEA, it would legitimize the espionage acts by the United States, a belligerent party vis-a-vis the DPRK, and set the beginning of the full exposure of all our military installations. Under our specific conditions in which the country still remains divided and exposed to the constant nuclear threats from the United States, it will be totally inconceivable to lay our military sites open to the enemies.

It is an old method of the United States to satisfy its demands one by one, that is, to demand the opening of one military site today and another tomorrow.

If we refuse to accept the "special inspection" of our military sites, the United States plans to charge the DPRK with "non-implementation of the special inspection" and take the matter to the Security Council of the United Nations so as to impose "collective sanctions" on the DPRK. This is the very scenario which the United States has written in advance.

If we failed to hold in check such conspiracy of the United States and its followers, our entire nation would be driven into confrontation and war and be made a victim of the big powers.

Some officials of the IAEA Secretariat have broken away from their original standpoint of supervising the implementation of the NPT on the basis of impartiality and strict neutrality. Therefore they can never evade the responsibility for joining the United States in its anti-DPRK manoeuvres.

Some officials of the IAEA Secretariat insist so stubbornly on the "inspection" of our military bases, as dictated by the United States, while ignoring our demand for an inspection of the nuclear weapons and nuclear bases of the United States in

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southern Korea. This is obviously an act biased in favour of the United States, a
belligerent party vis-a-vis the DPRK.

Moreover, we can hardly repress our indignation at the application of dual criteria
by the IAEA, which is putting pressure to bear upon the DPRK on charges of the
alleged "nuclear weapons development", while tacitly approving the moves of
Japan and southern Korea for their nuclear armament.

The accession to the NPT by the DPRK government was intended to remove the
nuclear threats of the United States against the DPRK, never to sacrifice its
sovereignty and security for someone's benefit.

Because of the imprudent machinations on the part of the United States and its
adherent force, each time we undergo an inspection of the IAEA the nuclear
threats against the DPRK increase, and the peace and security on the Korean
peninsular is not ensured but disturbed.

All these facts evidently show that the United States, those forces hostile to the
DPRK and some officials of the IAEA secretariat are misapplying the NPT to
jeopardize the sovereignty and security of our country, a non-nuclear-weapon
state, and stifle our socialist system.

Under such abnormal situation prevailing at present, we are no longer able to fulfil
our obligations under the NPT.

The Government of the Democratic People's Republic of Korea declares its
decision to withdraw unavoidably from the Nuclear Non-Proliferation Treaty as a
measure to defend its supreme interests.

The withdrawal from the NPT is a well-justified self-defensive measure against
the nuclear war manoeuvres of the United States and the unjust act of some
officials of the IAEA Secretariat against the DPRK. The DPRK's principled stand
will remain unchanged until the United States stops its nuclear threats against the
DPRK and the IAEA Secretariat returns to its principle of independence and
impartiality.

The United States must give up its outdated way of thinking of the cold war era
and immediately stop the "Team Spirit" joint military exercises, a nuclear war
rehearsal, and refrain from manipulating the IAEA to discredit and strangle the
non-nuclear-weapon states.

Even if the United States, the forces hostile to the DPRK and some officials of the
IAEA Secretariat threaten us with the "special inspection" or a certain "measure",
we will never be frightened in the least. No robber-like argument and strong-arm
acts will go down with us. Whatever "military threat", "political and ideological
offensive" or "blockade" cannot block the march of our people.

The DPRK government's policy of using nuclear energy for peaceful purpose
remains unchanged and our people will continue to make every effort to turn the
Korean peninsula into a nuclear weapon-free zone.

We avail ourselves of this opportunity to express our thanks to many IAEA
member states and a number of the members of the IAEA Board of Governors
cherishing international justice for their support and sympathy for the just stand of
the DPRK.
Our rejection of unjust "resolution" forced by the United States upon the meeting of the IAEA Board of Governors is meant to defend our country's sovereignty and at the same time to safeguard the common interests of the developing countries.

The Government of the Democratic People's Republic of Korea and the Korean people are convinced that the governments and peoples of the countries of the world that value peace and justice will pay a profound attention to the serious situation on the Korean peninsular and extend their support and solidarity to the self-defensive measure of the DPRK government.

Appendix VI

Text of North Korea's Statement on NPT Withdrawal

(10 January 2003)

Text of report in English by North Korean news agency KCNA

Pyongyang, 10 January: The government of the Democratic People's Republic of Korea issued a statement today as regards the grave situation where the national sovereignty and the supreme interests of the state are most seriously threatened by the US vicious hostile policy towards the DPRK.

The full text of the statement reads: A dangerous situation where our nation's sovereignty and our state's security are being seriously violated is prevailing on the Korean Peninsula due to the US vicious hostile policy towards the DPRK.

The United States instigated the International Atomic Energy Agency (IAEA) to adopt another "resolution" against the DPRK on 6 January in the wake of a similar "resolution" made on 29 November, 2002.

Under its manipulation, the IAEA in those "resolutions" termed the DPRK "a criminal" and demanded it scrap what the US called a "nuclear programme" at once by a verifiable way in disregard of the nature of the nuclear issue, a product of the US hostile policy towards the DPRK, and its unique status in which it declared suspension of the effectuation of its withdrawal from the Nuclear Non-Proliferation Treaty (NPT).

Following the adoption of the latest "resolution", the IAEA director general issued an ultimatum that the agency would bring the matter to the UN Security Council to apply sanctions against the DPRK unless it implements the "resolution" in a few weeks.

This clearly proves that the IAEA still remains a servant and a spokesman for the US and the NPT is being used as a tool for implementing the US hostile policy towards the DPRK aimed to disarm it and destroy its system by force.

A particular mention should be made of the fact that the IAEA in the recent "resolution" kept mum about the US which has grossly violated the NPT and the DPRK-US agreed framework, but urged the DPRK, the victim, to unconditionally accept the US demand for disarmament and forfeit its right to self-defense, and the agency was praised by the US for "saying all what the US wanted to do." This glaringly reveals the falsehood and hypocrisy of the signboard of impartiality the IAEA put up.

The DPRK government vehemently rejects and denounces this "resolution" of the IAEA, considering it as a grave encroachment upon our country's sovereignty and the dignity of the nation.

It is none other than the US which wrecks peace and security on the Korean Peninsula and drives the situation there to an extremely dangerous phase.

After the appearance of the Bush administration, the United States listed the DPRK as part of an "axis of evil", adopting it as a national policy to oppose its
system, and singled it out as a target of pre-emptive nuclear attack, openly declaring a nuclear war.

Systematically violating the DPRK-US Agreed Framework, the US brought up another "nuclear suspicion" and stopped the supply of heavy oil, reducing the AF to a dead document. It also answered the DPRK’s sincere proposal for the conclusion of the DPRK-US non-aggression treaty and its patient efforts for negotiations with such threats as "blockade" and "military punishment" and with such an arrogant attitude as blustering that it may talk but negotiations are impossible.

The US went so far to instigate the IAEA to internationalize its moves to stifle the DPRK, putting its declaration of a war into practice. This has eliminated the last possibility of solving the nuclear issue of the Korean Peninsula in a peaceful and fair way.

It was due to such nuclear war moves of the US against the DPRK and the partiality of the IAEA that the DPRK was compelled to declare its withdrawal from the NPT in March 1993 when a touch-and-go situation was created on the Korean Peninsula.

As it has become clear once again that the US persistently seeks to stifle the DPRK at any cost and the IAEA is used as a tool for executing the US hostile policy towards the DPRK, we can no longer remain bound to the NPT, allowing the country's security and the dignity of our nation to be infringed upon.

Under the grave situation where our state's supreme interests are most seriously threatened, the DPRK government adopts the following decisions to protect the sovereignty of the country and the nation and their right to existence and dignity: firstly, the DPRK government declares an automatic and immediate effectuation of its withdrawal from the NPT, on which "it unilaterally announced a moratorium as long as it deemed necessary" according to the 11 June, 1993, DPRK-US joint statement, now that the US has unilaterally abandoned its commitments to stop nuclear threat and renounce hostility towards the DPRK in line with the same statement.

Secondly, it declares that the DPRK withdrawing from the NPT is totally free from the binding force of the safeguards accord with the IAEA under its Article 3. The withdrawal from the NPT is a legitimate self-defensive measure taken against the US moves to stifle the DPRK and the unreasonable behaviour of the IAEA following the US though we pull out of the NPT, we have no intention to produce nuclear weapons and our nuclear activities at this stage will be confined only to peaceful purposes such as the production of electricity.

If the US drops its hostile policy to stifle the DPRK and stops its nuclear threat to the DPRK, the DPRK may prove through a separate verification between the DPRK and the US that it does not make any nuclear weapon.

The United States and the IAEA will never evade their responsibilities for compelling the DPRK to withdraw from the NPT, by ignoring the DPRK’s last efforts to seek a peaceful settlement of the nuclear issue through negotiations.

*Source:* KCNA news agency, Pyongyang, in English 0323 gmt 10 Jan 03.
Appendix VII


The Korean Peninsula Energy Development Organization (hereinafter referred to as "KEDO") and the Government of the Democratic People's Republic of Korea (the Democratic People's Republic of Korea is hereinafter referred to as the "DPRK"), Recognizing that KEDO is an international organization to finance and supply a light-water reactor project (hereinafter referred to as the "LWR project") to the DPRK as specified in the Agreed Framework between the United States of America and the Democratic People's Republic of Korea of October 21, 1994 (hereinafter referred to as the "U.S.-DPRK Agreed Framework"), Recognizing that the U.S.-DPRK Agreed Framework and the June 13, 1995, U.S.-DPRK Joint Press Statement specify that the U.S. will serve as the principal point of contact with the DPRK for the LWR project, and Reaffirming that the DPRK shall perform its obligations under the relevant provisions of the U.S.-DPRK Agreed Framework and shall accept the LWR project as specified in the June 13, 1995, U.S.-DPRK Joint Press Statement, Have agreed as follows:

ARTICLE I
SCOPE OF SUPPLY

1. KEDO shall provide the LWR project, consisting of two pressurized light-water reactor (LWR) units with two coolant loops and a generating capacity of approximately 1,000 MW(e) each, to the DPRK on a turnkey basis. The Page 2 of 21 reactor model, selected by KEDO, will be the advanced version of U.S.-origin design and technology currently under production.
2. KEDO shall be responsible for the scope of supply for the LWR project, specified in Annex 1 to the Agreement. The DPRK shall be responsible for other tasks and items necessary for the LWR project, specified in Annex 2 to the Agreement.
3. The LWR project shall conform to a set of codes and standards equivalent to those of the IAEA and the U.S. and applied to the reactor model referred to in paragraph 1 of this Article. The set of codes and standards shall apply to the design, manufacture, construction, testing, commissioning, and operation and maintenance of the LWR plants, including safety, physical protection, environmental protection, and storage and disposal of radioactive waste.

ARTICLE II
TERMS OF REPAYMENT

1. KEDO shall finance the cost of the tasks and items specified in Annex 1 to the Agreement to be repaid by the DPRK on a long-term, interest-free basis.
2. The amount to be repaid by the DPRK will be jointly determined by KEDO and the DPRK based on examination by each side of the technical description of the LWR project specified in the commercial supply contract for the LWR project, the fair and reasonable market value of the LWR project, and the contract price payable by KEDO to its contractors and subcontractors under the commercial supply contracts for the tasks and items specified in Annex I to the Agreement. With respect to the tasks and items specified in Annex I to the Agreement, the DPRK shall not be responsible for any additional costs, other than those that result from actions by the DPRK or from its failure to take actions for which it is responsible, in which case the repayment amount shall be increased by an amount jointly determined by KEDO and the DPRK, based on actual added cost to the LWR project payable by KEDO.

3. The DPRK shall repay KEDO for each LWR plant in equal, semi-annual instalments, free of interest, over a 20-year term after completion of each LWR plant, including a three-year grace period beginning upon completion of that LWR plant. The DPRK may pay KEDO in cash, cash equivalents, or through the transfer of goods. In the event that the DPRK pays in cash equivalents or goods (such payment is hereinafter referred to as "in-kind payment"), the value of such in-kind payment shall be determined jointly by KEDO and the DPRK, based on an agreed formula for determining fair and reasonable market price.

4. Details concerning the amount and terms of repayment shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

ARTICLE III
DELIVERY SCHEDULE

1. KEDO shall develop a delivery schedule for the LWR project aimed at achieving a completion date of 2003. The schedule of relevant steps to be performed by the DPRK under the U.S.-DPRK Agreed Framework, as specified in Annex 3 to the Agreement, shall be integrated with the delivery schedule for the LWR project with the aim of achieving the performance of such steps by 2003 and the smooth implementation of the LWR project. As specified in the U.S.-DPRK Agreed Framework, the provision of the LWR project and the performance of the steps specified in Annex 3 to the Agreement are mutually conditional.

2. For purposes of the Agreement, "completion" of an LWR plant means completion of performance tests that is satisfactory in accordance with the set of codes and standards specified in Article I(3). Upon completion of each plant, the DPRK shall issue to KEDO a take-over certificate for each respective plant.

3. Details concerning the schedule for the delivery of the LWR project and the performance of the steps specified in Annex 3 to the Agreement, including mutually agreed procedures for any necessary changes and completion of a significant portion of the LWR project as specified in Annex 4 to the Agreement, shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

ARTICLE IV
IMPLEMENTING ARRANGEMENTS

1. The DPRK may designate a DPRK firm as its agent and authorize the firm to enter into implementing arrangements as necessary to facilitate the LWR project.
2. KEDO shall select a prime contractor to carry out the LWR project and shall conclude a commercial supply contract with this prime contractor. A U.S. firm will serve as program coordinator to assist KEDO in supervising overall implementation of the LWR project, and KEDO will select the program coordinator.

3. KEDO and the DPRK shall facilitate practical arrangements that both sides deem necessary, including efficient contacts and cooperation among the participants in the LWR project, to ensure the expeditious and smooth implementation of the LWR project.

4. Written communications required for the implementation of the Agreement may be executed in the English or Korean language. Existing documents and data may be used or transmitted in their original languages.

5. KEDO, its contractors and subcontractors shall be permitted to operate offices at the project site and other directly related locations such as the nearby port or airport as shall be agreed between KEDO and the DPRK, as the progress of the LWR project may require.

6. The DPRK shall recognize KEDO's independent juridical status and shall accord KEDO and its staff such privileges and immunities in the territory of the DPRK as necessary to carry out the functions entrusted to KEDO. KEDO's juridical status and privileges and immunities shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

7. The DPRK shall take steps to protect the safety of all personnel sent to the DPRK by KEDO, its contractors and subcontractors, and their respective property. Appropriate consular protection in conformity with established international practice shall be allowed for all such personnel. Necessary consular arrangements shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

8. KEDO shall take steps to ensure that all personnel sent to the DPRK by KEDO, its contractors and subcontractors shall undertake to respect the relevant laws of the DPRK, as shall be agreed between KEDO and the DPRK, and to conduct themselves at all times in a decent and professional manner.

9. The DPRK shall not interfere with the repatriation, in accordance with customs clearance procedures, by KEDO, its contractors and subcontractors of construction equipment and remaining materials from the LWR project.

10. The DPRK shall seek recovery solely from the property and assets of KEDO for the satisfaction of any claims arising under the Agreement or from any of the acts and omissions, liabilities, or obligations of KEDO, its contractors and subcontractors in direct connection with the Agreement, protocols and contracts pursuant to the Agreement.

ARTICLE V
SITE SELECTION AND STUDY

1. KEDO shall conduct a study of the preferred Kumho area near Sinpo City, South Hamgyong Province to ensure that the site satisfies appropriate site selection criteria as shall be agreed between KEDO and the DPRK and to identify the requirements for construction and operation of the LWR plants, including infrastructure improvements.

2. To facilitate this study, the DPRK shall cooperate and provide KEDO with access to the relevant available information, including the results of the studies
that were performed previously at this site. In the event that such data is not sufficient, KEDO shall make arrangements to obtain additional information or to conduct the necessary site studies.

3. Details concerning site access and the use of the site shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

ARTICLE VI
QUALITY ASSURANCE AND WARRANTIES

1. KEDO shall be responsible for design and implementation of a quality assurance program in accordance with the set of codes and standards specified in Article I(3). The quality assurance program shall include appropriate procedures for design, materials, manufacture and assembly of equipment and components, and quality of construction.

2. KEDO shall provide the DPRK with appropriate documentation on the quality assurance program, and the DPRK shall have the right to participate in the implementation of the quality assurance program, which will include appropriate inspections, tests, commissioning, and review by the DPRK of the results thereof.

3. KEDO shall guarantee that the generating capacity of each LWR plant at the time of completion, as defined in Article III(2), will be approximately 1,000 MW(e). KEDO shall guarantee that the major components provided by relevant contractors and subcontractors will be new and free from defects in design, workmanship, and material for a period of two years after completion, but in no event longer than five years after the date of shipment of such major components. The LWR fuel for the initial loading for each LWR plant shall be guaranteed in accordance with standard nuclear industry practice. KEDO shall guarantee that the civil construction work for the LWR project will be free of defects in design, workmanship, and material for a period of two years after completion.

4. Details concerning the provisions of this Article and the content and procedures for issuance and receipt of warranties shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

ARTICLE VII
TRAINING

1. KEDO shall design and implement a comprehensive training program in accordance with standard nuclear industry practice for the DPRK's operation and maintenance of the LWR plants. Such training shall be held at mutually agreeable locations as soon as practicable. The DPRK shall be responsible for providing a sufficient number of qualified candidates for this program.

2. Details concerning the training program shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

ARTICLE VIII
OPERATION AND MAINTENANCE

1. KEDO shall assist the DPRK to obtain LWR fuel, other than that provided pursuant to Annex 1 to the Agreement, through commercial contracts with a DPRK-preferred supplier for the useful life of the LWR plants.
2. KEDO shall assist the DPRK to obtain spare and wear parts, consumables, special tools, and technical services for the operation and maintenance of the LWR plants, other than those provided pursuant to Annex 1 to the Agreement, through commercial contracts with a DPRK-preferred supplier for the useful life of the LWR plants.

3. KEDO and the DPRK shall cooperate to ensure the safe storage and disposition of the spent fuel from the LWR plants. If requested by KEDO, the DPRK shall relinquish any ownership rights over the LWR spent fuel and agree to the transfer of the spent fuel out of its territory as soon as technically possible after the fuel is discharged, through appropriate commercial contracts.

4. Necessary arrangements for the transfer of LWR spent fuel out of the DPRK shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

ARTICLE IX
SERVICES

1. The DPRK shall process for approval all applications necessary for completion of the LWR project expeditiously and free of charge. These approvals shall include all permits issued by the DPRK nuclear regulatory authority, customs clearance, entry and other permits, licenses, site access rights, and site take-over agreements. In the event that any such approval is delayed beyond the normally required time or denied, the DPRK shall notify KEDO promptly of the reasons therefore, and the schedule and cost for the LWR project may be adjusted as appropriate.

2. KEDO, its contractors and subcontractors, and their respective personnel shall be exempt from DPRK taxes, duties, charges and fees as shall be agreed between KEDO and the DPRK, and expropriation in connection with the LWR project.

3. All personnel sent to the DPRK by KEDO, its contractors and subcontractors shall be allowed unimpeded access to the project site and to appropriate and efficient transportation routes, including air and sea links, to and from the project site as designated by the DPRK and agreed between KEDO and the DPRK. Additional routes will be considered as the progress of the LWR project may require.

4. The DPRK shall, to the extent possible, make available at a fair price port services, transportation, labor, potable water, food, off-site lodging and offices, communications, fuel, electrical power, materials, medical services, currency exchanges and other financial services, and other amenities necessary for living and working by personnel sent to the DPRK by KEDO, its contractors and subcontractors.

5. KEDO, its contractors and subcontractors, and their respective personnel shall be allowed unimpeded use of available means of communications in the DPRK. In addition, KEDO, its contractors and subcontractors shall be permitted by the DPRK to establish secure and independent means of communications for their offices, based on a timely and case-by-case review of equipment requests and in accordance with relevant telecommunications regulations of the DPRK.

6. Details concerning the above-referenced services shall be specified, as appropriate, in one or more separate protocols between KEDO and the DPRK pursuant to the Agreement.
ARTICLE X
NUCLEAR SAFETY AND REGULATION

1. KEDO shall be responsible for assuring that design, manufacture, construction, testing, and commissioning of the LWR plants are in compliance with nuclear safety and regulatory codes and standards specified in Article I(3).

2. The DPRK shall issue a site take-over certificate to KEDO upon completion of the site survey. A construction permit shall be issued by the DPRK nuclear regulatory authority to KEDO, prior to the power block excavation, based on its review of the preliminary safety analysis report and the site studies and on its determination of whether the LWR project complies with the nuclear safety and regulatory codes and standards specified in Article I(3). A commissioning permit shall be issued by the DPRK nuclear regulatory authority to KEDO prior to initial fuel loading, based on its review of the final safety analysis report, which includes the as-built design of the LWR plant, and results of non-nuclear commissioning tests. KEDO shall provide the results of nuclear commissioning tests and operator training records to the DPRK in support of its issuance of an operating permit to the operator. KEDO shall provide the DPRK, in a timely manner, with the safety analysis reports, necessary information including that on the codes and standards, and such other documents as KEDO deems necessary in order to make the required determination. The DPRK shall ensure that these permits will be issued in a timely manner not to impede the project schedule.

3. The DPRK shall be responsible for the safe operation and maintenance of the LWR plants, appropriate physical protection, environmental protection, and, consistent with Article VIII(3), the safe storage and disposal of radioactive waste, including spent fuel, in conformity with the set of codes and standards specified in Article I(3). In this regard, the DPRK shall assure that appropriate nuclear regulatory standards and procedures are in place to ensure the safe operation and maintenance of the LWR plants.

4. Prior to the shipment of any fuel assemblies to the DPRK, the DPRK shall observe the provisions set forth in the Convention on Nuclear Safety (done at Vienna, September 20, 1994), the Convention on Early Notification of a Nuclear Accident (adopted at Vienna, September 26, 1986), the Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency (adopted at Vienna, September 26, 1986), and the Convention on the Physical Protection of Nuclear Material (opened for signature at Vienna and New York, March 3, 1980).

5. After the completion of the LWR plants, KEDO and the DPRK shall conduct safety reviews to ensure the safe operation and maintenance of the LWR plants. In this regard, the DPRK shall provide necessary assistance to enable such reviews to be conducted as expeditiously as possible and shall give due consideration to the results of such reviews. Details concerning the schedule and procedures for conducting the safety reviews shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

6. In the event of a nuclear emergency or accident, the DPRK shall permit immediate access to the site and information by personnel sent by KEDO, its contractors and subcontractors to determine the extent of safety concerns and to provide safety assistance.
ARTICLE XI
NUCLEAR LIABILITY

1. The DPRK shall ensure that a legal and financial mechanism is available for meeting claims brought within the DPRK for damages in the event of a nuclear incident (as defined in the Vienna Convention on Civil Liability for Nuclear Damage, done at Vienna, May 21, 1963) in connection with the LWR plants. The legal mechanism shall include the channeling of liability in the event of a nuclear incident to the operator on the basis of absolute liability. The DPRK shall ensure that the operator is able to satisfy such liabilities.

2. Prior to the shipment of any fuel assemblies to the DPRK, the DPRK shall enter into an indemnity agreement with KEDO, and shall secure nuclear liability insurance or other financial security to protect KEDO, its contractors and subcontractors, and their respective personnel in connection with any third party claims in any court or forum arising from activities undertaken pursuant to the Agreement in the event of nuclear damage or loss occurring inside or outside the territory of the DPRK as a result of a nuclear incident in connection with the LWR plants. Details concerning the indemnity agreement and insurance or other financial security shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

3. The DPRK shall bring no claims against KEDO, its contractors and subcontractors, and their respective personnel arising out of any nuclear damage or loss.

4. This Article shall not be construed as acknowledging the jurisdiction of any court or forum or as waiving any immunity of either side.

5. The domestic legal system of the DPRK may provide that, if the operator proves that the nuclear damage resulted wholly or partly either from the gross negligence of the person suffering the damage or from an act or omission of such person done with intent to cause damage, the operator may be relieved wholly or partly from his obligation to pay compensation in respect of the damage suffered by such person. The operator shall have a right of recourse only if the damage caused by a nuclear incident results from an act or omission done with intent to cause damage, against the individual acting or omitting to act with such intent. For purposes of this paragraph, the terms "person" and "individual" shall have the same meaning as in the Vienna Convention on Civil Liability for Nuclear Damage (done at Vienna, May 21, 1963).

ARTICLE XII
INTELLECTUAL PROPERTY

1. In the course of performing its obligations under the Agreement, each side may receive, directly or indirectly, information relating to the intellectual property of the other side. All such information and any materials or documents containing such information (collectively, the "Intellectual Property") are proprietary and confidential to such other side, whether or not protected by patent or copyright law. Each side agrees to protect the confidentiality of the other side's Intellectual Property and to use it only for the purposes of the LWR project as provided for in the Agreement and in accordance
with international norms, including practices established by the Paris Convention on the Protection of Industrial Property Rights.

2. Except as otherwise agreed between the two sides, neither side shall replicate, copy, or otherwise reproduce any of the equipment or technology of the other side provided in connection with the LWR project.

ARTICLE XIII
ASSURANCES

1. The DPRK shall use the reactors, technology, and nuclear material (as defined in accordance with international practice) transferred pursuant to the Agreement, as well as any nuclear material used therein or produced through the use of such items, exclusively for peaceful, non-explosive purposes.

2. The DPRK shall ensure that the reactors, technology, and nuclear material transferred pursuant to the Agreement, as well as any nuclear material used therein or produced through the use of such items, are used properly and exclusively for the purposes of the LWR project.

3. The DPRK shall provide effective physical protection in accordance with international standards with respect to the reactors and nuclear material transferred pursuant to the Agreement, as well as any nuclear material used therein or produced through the use of such items for the useful life of such reactors and nuclear material.

4. The DPRK shall apply IAEA safeguards to the reactors and nuclear material transferred pursuant to the Agreement, as well as any nuclear material used therein or produced through the use of such items, for the useful life of such reactors and nuclear material.

5. The DPRK shall at no time reprocess or increase the enrichment level of any nuclear material transferred pursuant to the Agreement, or any nuclear material used in or produced through the use of any reactor or nuclear material transferred in the LWR project.

6. The DPRK shall not transfer any nuclear equipment or technology or nuclear material transferred pursuant to the Agreement, or any nuclear material used therein or produced through the use of such items, outside the territory of the DPRK unless otherwise agreed between KEDO and the DPRK, except as provided for in Article VIII(3).

7. The above-referenced assurances may be supplemented by DPRK assurances, through appropriate arrangements, to KEDO members that provide to the DPRK any components controlled under the Export Trigger List of the Nuclear Suppliers Group for the LWR project, if and when such KEDO member or members and the DPRK deem it necessary.

ARTICLE XIV
FORCE MAJEURE

Either side's performance shall be considered excusably delayed if such delay is due to one or more events that are internationally accepted to constitute force majeure. Each such event is herein referred to as an event of "Force Majeure". The side whose performance is delayed by an event of Force Majeure shall provide notice of such delay to the other side promptly after such event has occurred and shall use such efforts as are reasonable in the circumstances to mitigate such delay.
and the effect thereof on such side's performance. The two sides shall then consult with each other promptly and in good faith to determine whether alternative performance and the adjustment of the schedule and cost of the LWR project are necessary.

ARTICLE XV
DISPUTE RESOLUTION

1. Any disputes arising out of the interpretation or implementation of the Agreement shall be settled through consultations between KEDO and the DPRK, in conformity with the principles of international law. KEDO and the DPRK shall organize a coordinating committee composed of three people from each side to help settle disputes that may arise in the process of implementing the Agreement.
2. Any dispute that cannot be resolved in this manner shall, at the request of either side and with the consent of the other side, be submitted to an arbitral tribunal composed as follows: KEDO and the DPRK shall each designate one arbitrator, and the two arbitrators so designated shall elect a third, who shall be the Chairman. If, within thirty days of the mutual agreement for arbitration, either KEDO or the DPRK has not designated an arbitrator, either KEDO or the DPRK may request the President of the International Court of Justice to appoint an arbitrator. The same procedure shall apply if, within thirty days of the designation or appointment of the second arbitrator, the third arbitrator has not been elected. A majority of the members of the arbitral tribunal shall constitute a quorum, and all decisions shall require the concurrence of two arbitrators. The arbitral procedure shall be fixed by the tribunal. The decisions of the tribunal shall be binding on KEDO and the DPRK. Each side shall bear the cost of its own arbitrator and its representation in the arbitral proceedings. The cost of the Chairman in discharging his duties and the remaining costs of the arbitral tribunal shall be borne equally by both sides.

ARTICLE XVI
ACTIONS IN THE EVENT OF NONCOMPLIANCE

1. KEDO and the DPRK shall perform their respective obligations in good faith to achieve the basic objectives of the Agreement.
2. In the event that either side fails to take its respective steps specified in the Agreement, the other side shall have the right to require the immediate payment of any amounts due and financial losses in connection with the LWR project.
3. In the event of late payment or nonpayment by either side with respect to financial obligations to the other side incurred in implementing the Agreement, the other side shall have the right to assess and apply penalties against that side. Details concerning the assessment and application of such penalties shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

ARTICLE XVII
AMENDMENTS

1. The Agreement may be amended by written agreement between the two sides.
2. Any amendment shall enter into force on the date of its signature.
ARTICLE XVIII
ENTRY INTO FORCE

1. The Agreement shall constitute an international agreement between KEDO and the DPRK, and shall be binding on both sides under international law.
2. The Agreement shall enter into force on the date of its signature.
3. The Annexes to the Agreement shall be an integral part of the Agreement.
4. The protocols pursuant to the Agreement shall enter into force on the date of their respective signature.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have signed the Agreement.

DONE at New York City on this 15th day of December, 1995, in duplicate in the English language.

For the Korean Peninsula Energy Development Organization

Stephen W. Bosworth
Executive Director
Korean Peninsula Energy Development Organization

For the Government of the Democratic People's Republic of Korea

Ho Jong
Ambassador-at-Large
Ministry of Foreign Affairs
Democratic People's Republic of Korea

ANNEX I

The scope of supply of the LWR plants referenced in Article I of the Agreement for which KEDO shall be responsible shall consist of the following tasks and items:

1. Site survey.
2. Site preparation, which shall consist of clearing and leveling of the site and provision of electricity necessary for construction at the site and water services at the site necessary for completion of the LWR plants.
3. Preconstruction infrastructure that KEDO deems is integral to and exclusively for use in the construction of the LWR plants, which shall consist of roads within the site boundary, access roads from the site to off-site roads, barge docking facilities and a road from there to the site, a waterway and water catchment facilities including weir, and housing and related facilities for KEDO, its contractors and subcontractors.
4. Technical documents necessary for the operation and maintenance of the LWR plants, including the construction schedule.
5. Power plant systems, facilities, buildings, structures, equipment, and auxiliary facilities, including laboratory and measurement equipment and cold machine shop, that KEDO deems necessary for the two LWR plants.
6. A low and medium radioactive waste storage building with a ten-year storage capacity for the two LWR plants.
7. All tests required up to take-over.
8. The inventory of spare parts, wear parts, consumables, and special tools as KEDO deems necessary for a two-year period of plant operation, in accordance with standard nuclear industry practice.
9. Nuclear fuel for the initial loading of each LWR, including such fuel rods as may be necessary to preserve safety for initial operation.
10. A comprehensive training program for the operation and maintenance of the LWR plants implemented by KEDO and its contractors in accordance with standard nuclear industry practice, including provision of a full-scope simulator.
11. Technical support services as KEDO deems necessary for operation and maintenance of the first LWR plant for one year after completion of that LWR plant, in accordance with standard nuclear industry practice.
12. Overall project management.

ANNEX 2

The tasks and items referenced in Article I(2) of the Agreement for which the DPRK shall be responsible shall consist of the following:
1. Securing the site (land and marine) for the LWR project, including relocation of population, existing structures and facilities.
2. Provision of/access to information and documents necessary for implementation of the LWR project available in the DPRK.
3. Stable supply of electricity for commissioning of the two LWR plants as available in the DPRK.
4. Access to existing harbor, rail, and airport facilities designated by the DPRK and agreed between KEDO and the DPRK in the vicinity of the site for the transportation of materials and equipment necessary for the LWR project.
5. Securing aggregate and quarry site.
6. Communication lines to the LWR project site, to the extent possible, pursuant to Article IX of the Agreement.
7. Qualified operators trained by KEDO to participate in the commissioning.

ANNEX 3

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 Non-Proliferation of Nuclear Weapons and will allow implementation of its safeguards agreement under the Treaty, as specified in the U.S.-DPRK Agreed Framework.
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 U.S. and the DPRK will conclude a bilateral agreement for peaceful nuclear cooperation prior to the delivery of such components. Such agreement will not be implemented until a significant portion of the LWR project is completed, as specified in Annex 4 to the Agreement. For purposes of the Agreement, "key nuclear components" are the components controlled under the Export Trigger List of the Nuclear Suppliers Group.

5. The DPRK will continue cooperation on 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 dismantlement of its frozen graphite-moderated reactors and related facilities, and will complete such dismantlement 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.

ANNEX 4

A significant portion of the LWR project, referenced in Article III(3) of the Agreement, means the following. A further elaboration of the definition will be specified in the separate protocol referenced in Article III(3).

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 the point suitable for the introduction of components of the Nuclear Steam Supply System.

8. Civil construction and fabrication and delivery of components for the second LWR unit according to project plans and schedules.

Source: http://www.kedo.org/ap_main.asp