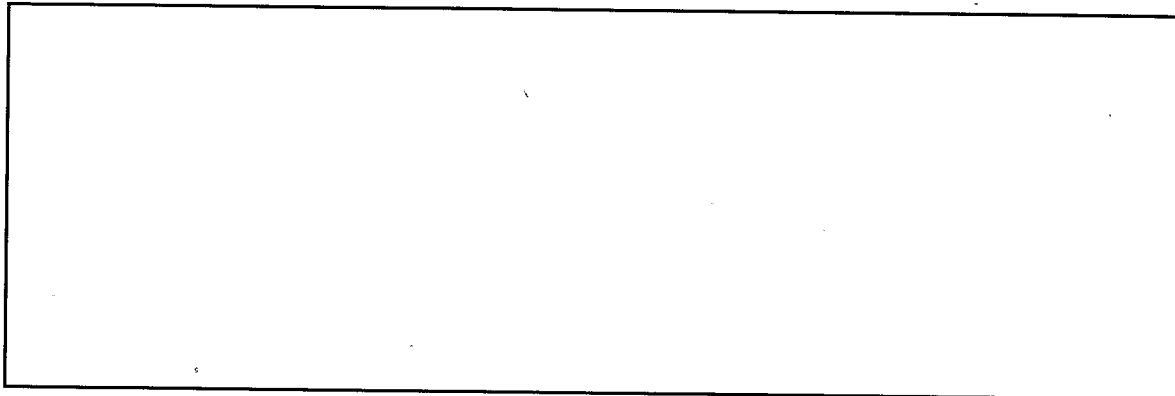


R7

TALKING POINTS

The Agreed Framework

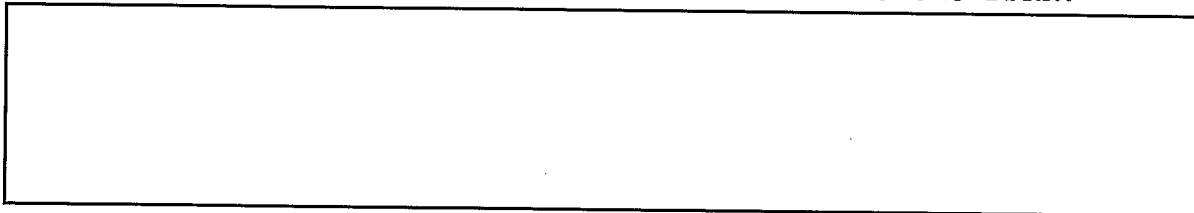
- o We believe the U.S.-DPRK Agreed Framework marks a major step towards the achievement of our goals of a strong international non-proliferation regime and a stable Korean peninsula.
- o The Framework is not perfect. Many have criticized the fact that full compliance with the DPRK's safeguards agreement will be put off for several years. Nevertheless, the DPRK has committed -- for the first time -- to allow access to the two nuclear waste sites.
- o We appreciate Russia joining consensus on the November 4 UNSC Presidential Statement supporting the Agreed Framework. This statement assures that the IAEA can perform its key work monitoring the freeze of the DPRK's graphite-moderated nuclear program.



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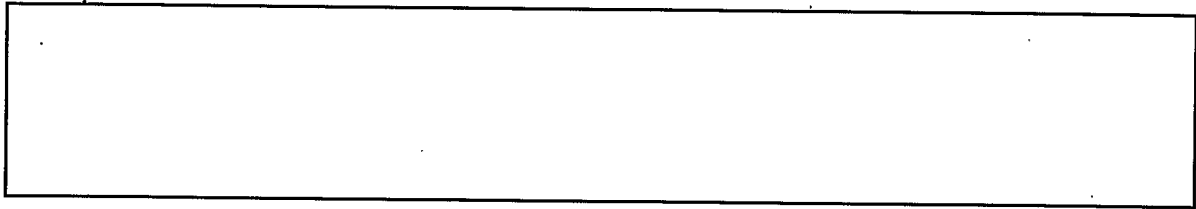
Russian Reactors

- o Our next step is to move ahead with the important work of implementing the Framework.
- o I understand from the press that Deputy Minister Panov has said Russia still intends to try to negotiate the sale of its own reactors to the DPRK.



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Implementing the Framework

- o I want to emphasize that we want Russia to play a role in the LWR project. We have consulted with you closely on the North Korea nuclear issue, and will continue to do so.
- o We hope Russia will join the international consortium (the Korea Energy Development Corporation, or KEDO) which will manage the LWR project. We will do what we can to ensure that Russia receives some contracts under the Framework. Possibilities include supplying low enriched uranium and/or enrichment services for the LWR, reprocessing the DPRK's spent fuel once it is shipped out of that country, and perhaps receiving contracts to provide some fuel oil under the alternative energy package.
- o A team of U.S. experts is currently in North Korea to discuss the safe storage of the DPRK's spent fuel. We are ready to contribute funds to help store the fuel if we are assured that the fuel will be stored safely and in a manner that will permit its future shipment out of the DPRK.
- o Beginning November 30 in Beijing, U.S. and DPRK experts will hold preliminary discussions of the LWR project. These discussions will center on the modalities of future talks, and on the basic elements of the LWR contract between the international consortium (KEDO) and the DPRK.
- o We are still consulting with the ROK and Japan -- the principal financiers of the project -- about the structure of KEDO. We expect to approach other interested countries -- including Russia -- fairly soon to discuss their possible participation in KEDO.
- o DPRK experts will visit Washington December 6-10 to discuss issues connected with the planned exchange of liaison offices. We have a number of difficult

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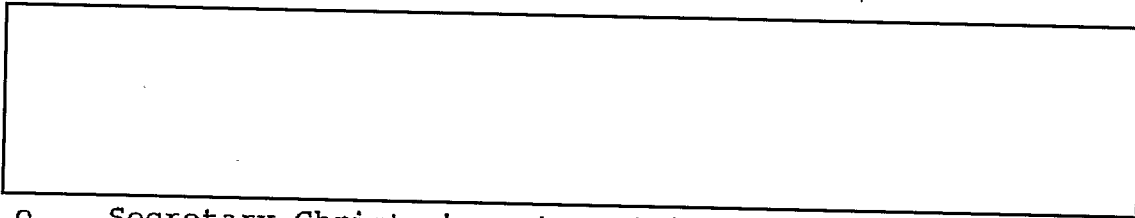
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- 3 -

issues to resolve, including consular issues (citizenship and consular access) and the question of the harsh restrictions the DPRK places on foreign diplomats.

- o We will inform you of the results of all of these talks through our embassy here and through your embassy in Washington.

U.S.-ROK Relations

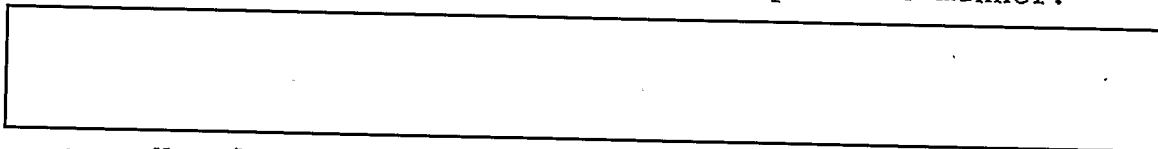


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- o Secretary Christopher stopped in Seoul on his way to the APEC meeting to discuss implementation of the Agreed Framework. President Clinton also discussed this issue with his Chinese, Japanese and Korean counterparts in Jakarta.

North-South Relations and the Situation in the North

- o Though the Agreed Framework calls on the DPRK to take steps to resume dialogue with the ROK, dialogue is not a precondition for any specific step in the LWR project.
- o Nevertheless, we believe that successful implementation of the project will require an improvement in North-South relations.
- o President Kim Young Sam's recent initiative to allow South Korean businessmen greater access to North Korea is a major step in the right direction. We hope the North will respond in a positive manner.



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- o How does your embassy in Pyongyang view the situation?

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