DEPARTMENT OF STATE

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I. The Problems

- o North Korea is in the process of re-deploying its forces southward, giving us even greater military warning and indications problems.
- o The North is also constructing a nuclear reactor that could produce weapons-grade plutonium.
- o Given the above activities, North Korean intentions in the recently renewed dialogue with South Korea remain unclear.
- o We are uncertain also of how much support (or discouragement) the Soviets are giving to Pyongyang in furthering this dialogue. New proposals by North and South Korea would require major steps by their allies.

II. The Facts

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- o Since 1982 the North Koreans have been reorganizing their forces for greater mobility, and in 1984 a significant forward deployment of these forces began, greatly reducing our military warning and reaction time.
 - Overhead photography has revealed the construction in North Korea of a nuclear reactor that could be used for the production of plutonium.
 - A Soviet civilian recently defected to the South across the DMZ, prompting the North Koreans to postpone North-South economic talks. The DPRK now has agreed to resume talks in January. The DPRK could again break off the talks during part or all of the 90-day period of "Team Spirit," an annual joint US-ROK military exercise.
 - o North Korean motives and intentions are unclear, but the Chinese have been pressuring them to talk and to emulate the Chinese economic opening to the West.
 - o North Korea, in a December 11 letter to you through the Chinese, repackaged its "tripartite proposal" of last year. We have consulted with Seoul and expect to give a response to the PRC Ambassador January 7.

III. Our Response

- On the North's nuclear reactor; we requested help from Western supplier nations in denying the DPRK sensitive nuclear materials. Their reactions were positive; responses from the PRC and USSR to the same general request were less so. Ambassador Kennedy recently raised the matter again in Moscow; the Soviets this time asked for additional information (which we are providing) rather than their usual non-reply.
- We have been supportive of South Korea's efforts to engage the North in bilateral talks. We are consulting closely with Seoul in framing a response to North Korea's recent elaboration of the tripartite proposal.

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