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TALKING POINTS

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General

- o In Honolulu, our analyses of the situation in North Korea appeared to be very similar. We all agreed that:
 - North Korea is in a steep decline, but does not face a serious immediate threat of collapse.
 - While the political transition in the North is not complete, Kim Jong Il is in control in Pyongyang.
 - Kim Jong Il has consistently attempted to firm up his position with and control over the military.
 - Despite declining living standards and growing food shortages, social control remains effective.

Thus nothing we have observed in the four months since we met in Honolulu has caused us to change our analysis on the stability of the DPRK regime.
- o However, the DPRK economy continues to decline, with food and energy shortages the key problems. Without significant, prompt outside assistance, North Korea will have serious difficulties in feeding its population at least until the 1996 harvest is collected. Even a good harvest next year, however, will do little to help with the North's chronic food shortages.
- o In the economic area, recent indications have only confirmed our view that North Korea's problems are becoming increasingly severe. These indications include:
 - public admissions by DPRK officials of "temporary difficulties;"
 - increasing stress by DPRK officials in contact with us on the need for the US to ease sanctions, provide food aid and in general provide economic benefits to the DPRK;
 - increasing evidence that the DPRK food situation is getting worse as last year's harvest is used up, including the reports of an AID contractor dispatched to North Korea to observe the distribution of grain purchased by the WFP with funds provided by the US and the WFP, which judges the situation to be so bad it is preparing to issue a new appeal for more than 400,000 tons of grain, far more than previous UN and WFP appeals; and

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-- the DPRK's decision to approach the UN for a new appeal, to seek new rice talks with the South and to reopen negotiations with Japan on rice aid.

- o Nevertheless, and in spite of comments you may have heard from a small number of US officials, we believe that despite declining living standards and growing food shortages, social control appears to remain effective and collapse does not appear to be imminent.

Food Policy Issues

- o The U.S. is not now planning any further food assistance. However, with the food situation becoming critical and a new UN food appeal imminent, the US will have to consider additional food assistance soon.
- o As you know our food aid resources are already stretched thin by world-wide needs and it is unlikely that we will be able to make a substantial contribution. We expect the burden will again fall primarily on the ROK, Japan and China.
- o Given the increasing serious food situation, it would be useful for us to hear Korean and Japanese views on food aid, how rapidly action is needed, what mechanisms should be used and what conditions should apply.
- o In seeking to balance humanitarian concerns and our other policy objectives, what conditionality will the ROK place a) on resuming rice talks and b) the provision of food aid to North Korea?
- o How should we relate food aid to the four party process? The ROK decision to donate cooking oil through the Red Cross, without conditions, was welcome. What should be done if, as seems likely, there is evidence of acute suffering before we have won DPRK acceptance of the Four Party Proposal.
- o When there is evidence of extreme suffering, American traditions will incline us to place great weight on a humanitarian response.
- o Do you (Korea and Japan) envisage requiring monitoring of the distribution of future food aid and, if so, how?

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