

---

## Korean Energy Development Organization (KEDO)

[The following is a reprint of an article from the United States Department of State *Congressional Presentation for Foreign Operations*, Fiscal Year 1996, International Organizations and Programs (IO&P) Section, pp. 98-99.]

### PROGRAM SUMMARY (DOLLARS IN MILLIONS)

	1994 Actual	1995 Estimate	1996 Request
IO&P	0.000	0.000	22.000

*Program Definition and Objectives:* The Korean Energy Development Organization (KEDO) is the international consortium established to implement aspects of the Agreed Framework signed between the United States and the Democratic People's Republic of Korea (DPRK) on October 21, 1994. The Agreed Framework addresses United States and international concerns about the DPRK's nuclear weapons program and, if fully implemented, will ultimately lead to the complete dismantlement of North Korea's current nuclear program. KEDO's central task is to manage the financing and construction of the light-water reactor (LWR) project in North Korea and to provide heavy oil to the DPRK if North Korea fulfills its obligations under the Agreed Framework. The U.S. will organize and lead KEDO, while, South Korea (ROK), and Japan also play central roles.

KEDO is envisioned to coordinate cooperation among interested parties in the international community and to facilitate the financing and execution of projects needed to implement the Agreed Framework. The key countries have decided to cooperate in taking the steps necessary to implement the Agreed Framework consistent with the Charter of the United Nations, the Treaty on the Nonproliferation of Nuclear Weapons, the North-South Declaration on the Denuclearization of the Korean Peninsula, and the Statute of the International Atomic Energy Agency. Moreover, KEDO will obtain assurances that nuclear materials, equipment, or technology transferred to the DPRK in connection with projects undertaken by KEDO will be used exclusively for such projects, only for peaceful purposes, and in a manner that ensures the safe use of nuclear energy. The establishment of KEDO is critical to the success of the specific objectives of the Agreed Framework, the general goals of international nuclear nonproliferation norms, and the aim of maintaining peace and security on the Korean Peninsula.

Under the U.S.-DPRK Agreed Framework, the U.S. agreed to "organize under its leadership an international consortium to finance and supply the LWR [light-water reactor] project to be provided to the DPRK." In order to meet this pledge, the U.S. has agreed with the ROK and Japan on the creation of an international organization (KEDO) to carry out the reactor project and other projects called for in the Agreed Framework, such as the supply of alternative energy, the transfer of spent fuel out of the DPRK for ultimate disposition, and the dismantlement of the DPRK's graphite-moderated reactor program.

KEDO will be located in New York and will be directed by an Executive Board consisting of representatives of the original member countries—the U.S., Japan, and the ROK. Other countries could become involved in KEDO activities as members serving on advisory committees for the projects in which they have an interest.

---

The day-to-day operations of KEDO would be directed by an Executive Director, who will be an American citizen, assisted by two Deputy Directors (one from Japan and one from the ROK). KEDO would seek to contract with private firms for the bulk of the legal, technical, and financial expertise required to oversee the LWR project and other projects. It would have a secretariat of approximately twenty to thirty people to administer projects being performed by contractors.

*Funding Request:* The FY 1996 budget request for KEDO of \$22 million is essential to finance KEDO's administrative expenses and support KEDO's projects, including the LWR project and provision of heavy oil to the DPRK. Although the majority of support for these projects will come from cash and in-kind contributions from other KEDO members, especially the ROK and Japan, the U.S. contribution is necessary to demonstrate U.S. leadership and to supplement and stimulate contributions from other countries. Without the funding, KEDO might not be able to operate or carry out its objectives, which would weaken the credibility of U.S. leadership, jeopardize the implementation of the Agreed Framework, and contribute to rising security tensions on the Korean Peninsula. Full funding of this request is the best way to promote both U.S. peace and security as well as nuclear nonproliferation interests in Northeast Asia.