

**KEDO: White Elephant, or Lost Hope?**

by Aidan Foster-Carter

In a busy news week in Korea – local election opposition landslide, two tycoons on trial – another item got less attention. On May 31, one of the more imaginative (if controversial) diplomatic initiatives of recent years in Asia, long moribund, was finally pronounced dead.

The Korean Peninsula Energy Development Organization (KEDO) was never a household name. But for almost a decade it was a rare instance of practical cooperation between North Korea and its enemies: the U.S., Japan, and South Korea. So before this strange consortium sinks into oblivion, it is worth recalling what and why it was, what it achieved, and why it failed.

KEDO was born in March 1995, under the U.S.-DPRK Agreed Framework (AF) of October 1994. This defused what we must now call the first North Korea nuclear crisis – the second is ongoing – which in May 1994 had come uncomfortably close to a second Korean War.

**To Bomb, or to Talk?**

Determined to prevent Kim Il-sung from acquiring nuclear weapons, then-U.S. President Bill Clinton, considered air strikes on Yongbyon, north of Pyongyang. Spy satellites had spotted suspected facilities for reprocessing spent nuclear fuel into plutonium. Then as later, North Korea had been less than forthcoming to the International Atomic Energy Agency (IAEA).

Swiftly deciding that the military option was too risky, Mr. Clinton switched to engagement after his predecessor Jimmy Carter famously went to Pyongyang to meet the Great Leader – who promptly expired, days before what was to be the first ever inter-Korean summit with Korea's then-president, Kim Young Sam. Such are history's tantalizing what-ifs.

So it was the North's little known and untried successor son, Kim Jong-il, who took a risk in accepting the AF. It was a remarkable deal. North Korea mothballed Yongbyon, with U.S. and IAEA inspectors on site to confirm closure. An exotic location, but a very tedious job.

In return the U.S. was to supply 500,000 tons of heavy fuel oil (HFO) a year and build two replacement light water reactors (LWRs), of a type less able to produce plutonium. As a response to critics' queries, a back-up argument was that international supervision would prevent this.

The LWRs were due for completion by 2003. But before vital parts were installed, North Korea would have to account in full for all spent fuel it had ever removed from Yongbyon.

**Potemkin Pylons**

All this rested on the fiction that Yongbyon was for generating electricity (Potemkin pylons were duly erected), so North Korea must be compensated. However in Washington, some thought Kim Jong-il's regime would collapse before the LWRs were ever delivered; in any case, the DPRK's decrepit grid could not handle them safely. So there was bad faith on both sides, in a sense. Yet this was also a daring, imaginative solution, which defused a dangerous crisis.

Nor did the U.S. plan on funding a \$4.6 billion project alone. With Congress already fallen to Newt Gingrich's Republican tide, it was hard enough getting appropriations for the HFO.

Hence KEDO. A consortium would shoulder the main cost; in practice mostly South Korea – keen to supply its own LWRs – and Japan. The European Union became a fourth board member later. Another nine countries joined KEDO, while 19 more contributed funds to it.

**Working With Enemies**

A further aim was to force North Korea to cooperate with its enemies. This was a success. In those days of almost zero contact between North and South, the LWR site at Kumho on the northeast coast was the first place where they worked together, side by side. Likewise, the first regular inter-Korean sea routes, then flights, took men and materiel from the South to and from Kumho. Later, North Koreans quietly came south for nuclear safety training.

It was not plain sailing. Pyongyang demanded a ludicrous wage increase, then withdrew its workers – replaced by Uzbeks, of all people. Every step of the way needed hard bargaining.

Yet as trips from KEDO's New York office to Pyongyang and Kumho grew, the teams of South Koreans, Americans, and Japanese got used to working together and with their North Korean counterparts. Slowly but surely, protocols were negotiated on the practical details: communication, transport, training, labour, quality assurance, consular protection and more.

LWR construction began in 1997. By 2002 it was one-third complete: far behind schedule, with each side blaming the other (with some cause) for foot-dragging. But by then KEDO was in trouble. On what cynics dubbed the ABC principle (Anything But Clinton) the Bush administration mistrusted the AF.

KEDO survived, nonetheless, until the second nuclear crisis broke in October 2002. The U.S. accused the DPRK of breaching the AF by having a second, covert nuclear programme based on highly enriched uranium (HEU).

Pyongyang denies this, as it once denied any nuclear weapons; it now boasts of using plutonium for this end, but has yet to test a device. It could be bluffing.

### **The Unravelling**

Pressed by the U.S., KEDO suspended HFO deliveries. Kim Jong-il's riposte was to expel IAEA inspectors and restart Yongbyon. Work on the LWRs continued till November 2003, when this too was suspended. A token workforce remained at Kumho until last January, by when the project was clearly dead; in August 2005 KEDO's director – Charles Kartman, a Clinton appointee – found his contract not renewed. On May 31 KEDO's board formally terminated the LWRs: blaming North Korea for obstruction, and demanding compensation.

Some hope. The \$1.56 billion spent towards LWRs, mostly (\$1.14 billion) by South Korea, will never be recouped. Seoul will also have to compensate various SMEs for assorted equipment stranded at Kumho, which Pyongyang will likely keep as its own compensation.

Perhaps a project founded on fictions and bad faith could never have worked, politically or technically. Yet the AF defused a dangerous crisis, and kept North Korea's known nuclear capacity in check until a blundering Bush let the whole thing unravel. HEU or no HEU (and the U.S. is shy with its evidence), we were all safer with Yongbyon in mothballs than now.

And whether or not LWR aid was a great idea, delivering it taught two lessons: one learned, the other lost. North and South Korea overcame decades of suspicion and worked together. In that sense KEDO was a crucial precursor of today's 'sunshine' policy of engagement.

The other, lost lesson is the value of a consortium format, and cooperation more generally. In KEDO's heyday it was lauded as a model of how the world, or a coalition of the willing, might engage North Korea on other fronts too: why not a KFDO for food, for instance?

Nothing came of those hopes. Worse, policy coordination between Seoul, Washington and Tokyo – much less Beijing and Moscow – has frayed. The Six-Party Talks, another gambit that now looks comatose, are at sixes and sevens. Each of Kim Jong-il's interlocutors has its own priorities and agenda, and the Dear Leader merrily plays them all off. The AF and KEDO, for all their faults and loopholes, were a better bet. We should mourn them.

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