



The Korean Peninsula Energy Development Organization
600 3rd Avenue, 12th Floor
New York, NY 10004

**AGREEMENT ON TERMS AND CONDITIONS OF THE
ACCESSION OF THE EUROPEAN ATOMIC ENERGY COMMUNITY
TO THE KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION
Brussels, 30 July 1997**

THE EUROPEAN ATOMIC ENERGY COMMUNITY,

hereinafter referred to as "the Community", and

THE KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION,

hereinafter referred to as "KEDO",

WHEREAS the Community and its Member States support the objectives of the Agreed Framework between the United States of America and the Democratic People's Republic of Korea (hereinafter referred to as the "DPRK"), signed in Geneva on 21 October 1994;

WHEREAS KEDO was established pursuant to the Agreement on the Establishment of the Korean Peninsula Energy Development Organization, entered into in New York on 9 March 1995 (hereinafter referred to as the "KEDO Agreement") among the Governments of the Republic of Korea, Japan and the United States of America (hereinafter referred to as the "Original Members");

WHEREAS the Community is willing to cooperate with the Original Members in taking the necessary steps to implement KEDO's objectives and, to that end, has become a member of KEDO pursuant to Article V(b) and XIV(b) of the KEDO Agreement, as amended, effective, 1997; and

WHEREAS the Executive Board of KEDO, noting the Community's intention to contribute to KEDO ECU 15 million annually for five years, has determined pursuant to Article VI(b) of the KEDO Agreement, as amended, that such contributions would constitute substantial and sustained support to KEDO,

HAVE AGREED AS FOLLOWS:

ARTICLE 1

Executive Board

1. Pursuant to Article VI(b) of the KEDO Agreement, as amended, the Community shall be represented on the Executive Board of KEDO for a term to coincide with the Community's substantial and sustained support to KEDO.
2. As a member of the Executive Board, the Community shall participate in the activities of the Board with the same rights and obligations as the other members of the Executive Board, as described in the KEDO Agreement, as amended.

ARTICLE 2

Advisory Committees

Community representation on KEDO Advisory Committees under Article IX(b) of the KEDO Agreement of the KEDO Agreement, as amended shall include representation on Advisory Committees that may be established on safeguards and nuclear safety. The Community shall also be entitled to serve as chair of appropriate Advisory Committees pursuant to the relevant rules and regulations of KEDO

ARTICLE 3

KEDO Staff

Personnel from the Community shall be appointed to suitable positions on the staff of KEDO.

ARTICLE 4

Privileges and immunities in the DPRK

Personal from the Community and its Member States sent to the DPRK by KEDO, its contractors and subcontractors are entitled to privileges, immunities, protections, exemptions and facilities, as appropriate, in accordance with the respective provisions in the Protocol between KEDO in the DPRK on the Juridical Status, Privileges and Immunities, and Consular Protections of KEDO in on the Supply of a Light-Water Reactor (LWR) Project to the DPRK between KEDO and the DPRK, signed in New York on 15 December 1995 (hereinafter referred to as the "Supply Agreement").

ARTICLE 5

Equitable Distribution

Pursuant to Article III(i) of the KEDO Agreement, as amended, the Community shall be entitled to participate in distribution of any remaining KEDO assets or proceeds therefrom in an equitable manner according to its contribution to KEDO.

ARTICLE 6

Liability Protections

1. In the area of nuclear liability, KEDO has obtained legally binding commitments from the DPRK in Article XI of the Supply Agreement, with respect, inter alia, to an indemnity to be given by the DPRK, nuclear liability insurance or other financial security to be secured by the DPRK, and a legal mechanism to implemented by the DPRK channeling nuclear liability exclusively to be operator, in order to protect itself, its Members, its contractors and subcontractors, and their respective personnel from any liability for any injury, loss or damage resulting from nuclear incidents in connections with the LWR plants.
2. Conventional liability for any injury, loss or damage resulting from KEDO's activities and omissions shall be covered under appropriate insurance policies.

ARTICLE 7

Industrial Aspects

1. Subcontracts for the appropriate portion of the LWR balance of plant will be put to bid and awarded in a fair and transparent manner by the Prime Contractor, subject to the terms and KEDO, through the Community, of the Community, of the Community Member State in which the prospective subcontractor is established.
2. Pursuant to its procurement guidelines for contracts other than the Prime Contract for the LWR Project, KEDO follows a fair and transparent process in awarding its own contracts for goods and services in which Community enterprises will be able to participate fully.

ARTICLE 8

Audit

The Community will be entitled to audit KEDO's expenditure of its contribution and, to do so, will be granted access to, in an appropriate manner, the relevant financial accounts of KEDO upon demand.

ARTICLE 9

Dispute Settlement

Any question or dispute relating to the application or interpretation of this Agreement shall be the subject of consultations, negotiations or other similar procedure.

ARTICLE 10

Entry Into Force

This Agreement shall enter into force upon signature by the Community and KEDO.

Done at Brussels, this 30th day of July, 1997 in two originals.

EUROPEAN COMMISSION

Brussels, 30 July 1997

Sir,

The Commission of the European Communities (hereinafter referred to as "the Commission") presents its compliments to the Korean Peninsula Energy Development Organization (hereinafter referred to as "KEDO") and wishes to refer to Article 7 of the Agreement on Terms and Conditions of the Accession of the European Atomic Energy Community to the Korean Peninsula Energy Development Organization (hereinafter referred to as "the Accession Agreement").

The Commission understands that KEDO will provide safe and reliable plants of proven modern technology conforming to a set of codes and standards equivalent to those of the IAEA and the US and applied to the Korean Standard Nuclear Plant, as required under Article I of the Agreement of Supply of a Light-Water Reactor Project to the Democratic People's Republic of Korea between the Korean Peninsula Energy Development Organization and the Democratic People's Republic of Korea (hereinafter referred to as "the Supply Agreement") signed in New York on 15 December 1995, and that KEDO will not be designated "operator" of the plants in the context of nuclear liability.

The Commission understands that under Article XIII(b) of the Agreement on the Establishment of the Korean Peninsula Energy Development Organization, as amended, the European Atomic Energy Community (hereinafter referred to as "the Community"), like other Members of KEDO, shall not be liable by reason of its status or participation as a Member, for acts, omissions or obligations of KEDO.

In connection with the legally binding commitments from the Democratic People's Republic of Korea (hereinafter referred to as "the DPRK") referred to in Article 6 of the Accession Agreement, the Commission further understands that these matters will be the subject of future negotiations between KEDO and the DPRK, including execution of the legally binding protocol required in Article XI of the Supply Agreement.

The Commission further understands that the Member States of the Community, by reason of their membership in the Community, consequently will enjoy the protection referred to in Article 6 of the Accession Agreement.

The Commission understands that the same level of liability protection referred to in Article 6 of the Accession Agreement will have to be established in relation to any nuclear damage resulting from incidents occurring during transport of nuclear material from and to the Light-Water Reactor plants in the DPRK.

The Commission also understands that KEDO will not ship any fuel assemblies to the DPRK unless the requirements set out in Article XI of the Supply Agreement have been met.

Finally, the Commission understands that KEDO intends to set up a working group on liability matters.

The Commission would appreciate KEDO's confirmation that it shares the understandings recorded in this letter.

The Commission avails itself of this opportunity to renew to KEDO the assurances of its highest consideration.

For the European Atomic Energy Community _____

EUROPEAN COMMISSION

Brussels, 30 July 1997

Sir,

The Commission of the European Communities (hereinafter referred to as "the Commission") presents its compliments to the Korean Peninsula Energy Development Organization (hereinafter referred to as "KEDO") and wishes to refer to Article 7 of the Agreement on Terms and Conditions of the Accession of the European Atomic Energy Community to the Korean Peninsula Energy Development Organization (hereinafter referred to as "the Accession Agreement").

The Commission wishes to note that in the European Union there is recognized expertise in fields such as nuclear engineering studies, reactor safety, safeguards, nuclear material accounting control systems, physical protection aspects and training as well as for supplies of related infrastructures, nuclear material and interim energy alternatives, and that this expertise will be available to KEDO, as appropriate, in furtherance of its purposes.