Agreement EAEC/KEDO, Korean Peninsula Energy Development Organisation: renewal

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PURPOSE : to approve the conclusion by the Commission of an agreement between the European Atomic Energy Community (EURATOM) and the Korean Peninsula Energy Development Organisation (KEDO).
CONTENT : the origins of the Korean Peninsula Energy Development Organisation (KEDO) lie in the Agreed Framework between the United States of America (USA) and the Democratic People's Republic of Korea (DPRK) which was signed on 21 October 1994 in order to avoid a nuclear non-proliferation crisis and to resolve moves from the DPRK to withdraw from the Treaty on the Non-Proliferation of Weapons (NPT). The EU recognised that KEDO is a major industrial project that constitutes a vital contribution to nuclear non-proliferation, stability and rapprochment on the Korean Peninsula. Following the negotiations with the founder members (Republic of Korea (ROK), Japan and the USA), the EU signed an Accession Agreement to KEDO as an Executive Board member which included substantial and sustained financial support (EUR 75 million) which expired at the end of 2000. In view of this significant contribution of KEDO to non-proliferation and safety, the Commission adopted on 2 February 2000 a recommendation to the Council to negotiate the renewal of the Accession Agreement for a further 5 years under enhanced terms. The Council in view of the competing demands for finance of external projects and the level of co-operation with KEDO on certain matters, reduced the financial support proposed by the Commission from EUR 30 million pa to EUR 17.5 million pa but then a figure of EUR 20 million was retained for negotiation purposes at the COREPER II meeting of 13 December 2000 (i.e EUR 100 million, EUR 20 for the period 2001-2005). The main terms of the Directive were no financial liability (beyond annual contribution), no nuclear liability, confirmation that consensus would remain the basis of for decision-making in the Executive Board, a high level post in the KEDO Secretariat and improved access for EU companies to contracts. As for the Accesion Agreement, the Council will adopt a common position on KEDO which underlines the non-proliferation aspects. Finally, considering the value of the EU's political support to KEDO, the partners accepted the main terms of the directives in a manner satisfactory to the Community negotiators. The draft text of the Agreement and its Side Letters (on liability, representation of the Community, industrial aspects and on payment procedures and accounting and audit requirements) contains provisions which fully protect the EU against financial and nuclear liability, provide a new senior post in the Secretariat for an EU national, and provide for improved access to contracts by EU firms. The annual financial contribution is as proposed by the EU and the EU shall now be fully represented on the Executive Board and has a new post at high level which will enable it to participate in all important negotiations with the DPRK and is also entitled to representation at the KEDO site in the DPRK. It should also be noted that 2 EU nationals are also the Chairmen of and member of the important international KEDO Nuclear Safety Advisory Group.