

# APPENDIX

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## THE MAJOR DOCUMENTS ON INTRA-KOREAN RELATIONS

1. South-North Joint Communique of 1972  
(aka July 4 Joint Communique), *July 4, 1972*
2. Intra-Korean Exchanges and Cooperation Act  
*August 1, 1990*
3. Agreement on Reconciliation, Nonaggression and  
Exchanges and Cooperation between the South and the  
North (aka The Basic Agreement).  
*February 19, 1992*
4. Joint Declaration of the Denuclearization of the Korean  
Peninsula, *February 19, 1992*
5. Agreement on Supply of a Light-Water Reactor Project  
to the Democratic People's Republic of Korea, between  
the Korean Peninsula Energy Development  
Organization and the Government of the Democratic  
People's Republic of Korea. *December 15, 1995*
6. President Kim Young-sam's 1994 Liberation Day  
Speech, *August 15, 1994*
7. President Kim Young-sam on the 51st Anniversary of  
National Liberation, *August 15, 1996*



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## 1. South-North Joint Communiqué

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Recently there were talks held both in Pyongyang and Seoul to discuss problems of improving South-North relations and unifying the divided fatherland.

Director Lee Hu Rak of the Central Intelligence Agency of Seoul visited Pyongyang from May 2 to 5, 1972, to hold talks with Director Kim Young Joo of the Organization and Guidance Department of Pyongyang. Second Vice Premier Park Sung-chul, acting on behalf of Director Kim Young Joo, also visited Seoul from May 29 to June 1 1972 to hold further talks with Director Lee Hu Rak.

With the common desire to achieve peaceful unification of the fatherland as early as possible, the two sides in these talks had a frank and openhearted exchange of views and made great progress in promoting mutual understanding.

In the course of the talks, the two sides, in an effort to remove misunderstanding and mistrust, and to mitigate increased tensions that have arisen between the south and the north as a result of the long separation, and further to expedite unification of the fatherland, have reached full agreement on the following points

1) The two sides have agreed to the following principles for unification of the fatherland:

First, unification shall be achieved through independent efforts without being subject to external imposition or interference.

Second, unification shall be achieved through peaceful means, and not through use of force against one another.

Third, a great national unity, as a homogeneous people, shall be sought first, transcending differences in ideas, ideologies and systems.

2) In order to ease tensions and foster an atmosphere of mutual trust between the south and the north, the two sides have agreed not to defame and slander one another, not to undertake armed provocations against one another, whether on a large or a small, scale and to take positive measures to prevent inadvertent military incidents.

3) The two sides, in order to restore severed national ties, promote mutual understanding and to expedite an independent peaceful unification, have agreed to carry out various exchanges in many areas.

4) the two sides have agreed to cooperate positively with one another to seek an early success of the South-North Red Cross Conference, which is currently in progress amidst the fervent expectations of the entire people of Korea.

5) The two sides, in order to prevent unexpected military incidents and to cope with problems arising in the relations between the south and the north directly, promptly and accurately, have agreed to install and operate a direct telephone line between Seoul and Pyongyang.

6) The two sides, in order to implement aforementioned agreements, settle all the problems that exist in the relations between the South and the North and to solve the question of unifying the country, based on the agreed principles, have agreed to create and operate a South-North Coordinating Committee, jointly chaired by Director Lee Hu Rak and Director Kim Young Joo.

7) The two sides, firmly convinced that the aforementioned agreements correspond with the common aspirations of the entire

people eager to see early unification of their fatherland, hereby solemnly pledge before the entire Korean people that they will faithfully carry out the agreements.

*July 4, 1972*

*Upholding the desires of their respective superiors*

**Lee Hu Rak**

**Kim Young Joo**

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## 2. Intra-Korean Exchanges and Cooperation Act

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*Law No. 4239, Aug. 1, 1990*

### **Article 1 (Purpose)**

The purpose of this Act is to provide regulations necessary for promoting the interchange and cooperation between the area south of the military demarcation line (hereinafter referred to as "South Korea") and the area north of the said line (hereinafter referred to as "North Korea").

### **Article 2 (Definition)**

For the purpose of this Act,

1. the term "entry and exit points" means harbors, airports and other places in South Korea from which any person goes to North Korea or to which any person comes from North Korea, and which are prescribed by the Presidential Decree;

2. the term "internal economic exchange" means carrying-out or -in of goods between South and North Korea;

3. the term "carrying-out or -in" means any transfer of goods between South Korea and North Korea, which is caused by sales, purchases, exchanges, lease, loan of use, donations, etc. (including any transfer of goods merely passing through a third country; hereinafter the same shall apply); and

4. the term "cooperative activities" means all activities pertaining to culture, sports, arts and science, economy, etc., which are carried out jointly by residents (including corporations and organizations)

of South and North Korea.

**Article 3 (Relation to Other Laws)**

With any act performed with the object of the South-North interchange and cooperation, such as comings and goings, internal economic exchanges, cooperative activities, offer of communication services, etc., between South Korea and North Korea, this Act shall be applicable instead of other laws to the extent that it is deemed justifiable.

**Article 4 (Establishment of South-North Interchange and Cooperation Promotion Council)**

In order to discuss and coordinate policies on the interchange and cooperation between South Korea and North Korea (Hereinafter referred to as “South-North interchange and cooperation”) and to deliberate and decide important matters concerning the South-North interchange and cooperation, the South-North Interchange and Cooperation Promotion Council (Hereinafter referred to as “Council”) shall be established in Ministry of National Unification.

**Article 5 (Composition of Council)**

(1) The Council shall be composed of fifteen or less members including a chairman.

(2) The chairman shall be the Minister of National Unification who exercises general control over affairs of the Council.

(3) The members shall be those nominated by the Prime Minister

from among the vice-ministers and public officials of the vice-minister class.

(4) If the chairman is absent by accident, the member designated in advance by the chairman shall act for him.

(5) An executive secretary shall be assigned to the Council, and he shall be the person nominated by the chairman from among the public officials under the jurisdiction of Ministry of National Unification.

### **Article 6 (Function of Council)**

The Council shall deliberate and decide the following matters:

1. Discussion and coordination of policies and establishment of the basic principles of the South-North interchange and cooperation;
2. Deliberation and coordination of important matters concerning various permission, approvals, etc. regarding the South-North interchange and cooperation;
3. Decision on the scope of internal economic exchange items;
4. Comprehensive coordination of cooperative activities;
5. Support for facilitating the South-North interchange and cooperation;
6. Promotion of the interministerial cooperation as to important matters concerning the South-North interchange and cooperation; and
7. Other matters submitted to the Council by the chairman.

### **Article 7 (Proceedings of Council)**

- (1) The meeting of the Council shall be convened by the chairman.

(2) The meeting of the Council shall make decisions with the attendance of a majority of all members and by a concurrent vote of a majority of members present.

(3) Matters necessary for the operation of the Council shall be determined by the Presidential Decree.

#### **Article 8 (Working Committee)**

(1) In order to prepare matters to be laid before the Council, and to settle affairs delegated by the Council, the working committee may be established in the Council.

(2) Matters necessary for the composition, operation, etc. of the working committee shall be determined by the Presidential Decree.

#### **Article 9 (Comings and Goings between South Korea and North Korea)**

(1) If a resident of South Korea or North Korea desires to come and go between South Korea and North Korea, he shall carry a certificate issued by the Minister of National Unification under the conditions as prescribed by the Presidential Decree.

(2) If a Korean resident abroad comes and goes between North Korea and a foreign country, he shall report it to the head of the nearest South Korean diplomatic establishment abroad.

(3) If a resident of South Korea desires to contact any resident, etc. of North Korea through meeting, correspondence and other ways, he shall obtain the approval of the Minister of National Unification.

(4) Matters necessary for the procedure of issue of the certificate as referred to in Paragraph (1), the scope of Korean residents abroad

and procedure of report as referred to in Paragraph (2), and the procedure of approval as referred to in Paragraph (3) shall be determined by the Presidential Decree.

**Article 10 (Guarantee of Entry and Exit of Koreans Abroad)**

If a Korean resident abroad who holds no foreign nationality and has no passport of the Republic of Korea desires to come to and go out of South Korea, he shall carry a travel certificate as prescribed by the Passport Act.

**Article 11 (Examination on Entry and Exit between South and North Korea)**

Residents of South and North Korea who come in and go out directly between South Korea and North Korea at an entry and exit point shall be subject to an examination under the conditions as prescribed by the Presidential Decree.

**Article 12 (Internal Economic Exchange Parties)**

The persons who are to carry on internal economic exchange (including a transit trade of goods between North Korea and a third country; hereinafter the same shall apply in this Article), shall be the State, local governments, government-invested institutions or those who are licensed for the trade business under the Foreign Trade Act (hereinafter referred to as “internal economic exchange parties”), but if it is deemed necessary especially, the Minister of National Unification may designate a specified person from among

the internal economic exchange parties to carry on the internal economic exchange through a resolution of the Council.

**Article 13 (Approval of Carrying-Out or -In)**

If an internal economic exchange party desires to carry goods out or in, he shall obtain the approval of the Minister of National Unification with respect to the goods concerned, transaction system or price settlement system under the conditions prescribed by the Presidential Decree. This provision shall also apply when a party desires to modify any major matters of such approved ones, which are prescribed by the Presidential Decree.

**Article 14 (Public Notice of Goods for Internal Economic Exchange)**

The Minister of National Unification shall announce publicly in advance the following matters as to the carrying goods out or in through a resolution of the Council. This provision shall also apply when he desires to modify the announced matters:

1. Classification of the automatic approval items, restricted approval items or prohibited items in connection with the carrying goods out or in; and
2. Particulars of restriction and procedure of approval as to the restricted approval items.

**Article 15 (Adjustment Order, etc., Relating to Internal Economic Exchange)**

(1) If it is deemed necessary for compliance with the agreement relating to the internal economic exchange or maintenance of the order in the carrying goods out or in, and so on, the Minister of National Unification may order the internal economic exchange parties to make an adjustment necessary for the price, quantity, quality and other transactional condition, etc. of goods to be carried out or in.

(2) The Minister of National Unification may, if necessary, have the internal economic exchange parties report matters concerning the internal economic exchange.

**Article 16 (Cooperative Enterpriser)**

(1) Any person who desires to operate cooperative activities, shall obtain the approval of the Minister of National Unification under the conditions as prescribed by the Presidential Decree.

(2) Matters necessary for the requirements, causes of revocation and procedure of the approval as referred to in Paragraph (1) shall be determined by the Presidential Decree.

**Article 17 (Approval on Cooperative Activities)**

(1) If a person who obtained the approval on cooperative activities under Article 16 (hereinafter referred to as “cooperative enterpriser”), desires to carry on cooperative activities, he shall obtain the approval of the Minister of National Unification for every activity. This provision shall also apply when he desires to alter the sub-

stance of the approved activities.

(2) Matters necessary for the requirements and procedure of the approval for cooperative activities as referred to in Paragraph (1) shall be determined by the Presidential Decree.

**Article 18 (Adjustment Order, etc., Relating to  
Cooperative Activities)**

(1) The Minister of National Unification may order a cooperative enterpriser to make an adjustment necessary for the cooperative activities carried on by him so that the cooperative activities contribute to the promotion of the South-North interchange and cooperation.

(2) The Minister of National Unification may have a cooperative enterpriser make a report on the operational details of the cooperative activities.

**Article 19 (Agency in charge of Settlement Services)**

(1) If it is deemed necessary for South-North interchange and cooperation, the Minister of National Unification may designate an agency to take charge of the settlement services after consulting with the Minister of Finance and Economy.

(2) Matters necessary for the scope, method, procedure, etc. of settlement services furnished by the agency in charge of such services under Paragraph (1) shall be determined by the Presidential Decree.

**Article 20 (Operation of Transport Equipment)**

(1) Any person who desires to operate ships, airplanes, railway vehicles or automobiles between South Korea and North Korea, shall obtain the approval of the Minister of National Unification.

(2) Matters necessary for the criteria, procedures, etc. of the approval referred to in Paragraph (1) shall be determined by the Presidential Decree.

**Article 21 (Control over Entrance and Exit of Transport Equipment, etc.)**

When a ship, airplane, railway vehicle or automobile and its crew enters or departs an entry or exit point, the provisions of Articles 65 to 72 of the Immigration Control Act shall be applicable.

**Article 22 (Offer of Communication Services)**

(1) Postal and telecommunication services may be offered for the purpose of facilitating the South-North interchange and cooperation.

(2) Matters necessary for the offerer, categories, rates, handling procedure, etc. of the postal and telecommunication services to be offered between South Korea and North Korea shall be determined by the Presidential Decree.

**Article 23 (Quarantine, etc.)**

(1) Any ship, airplane and cargo coming into South Korea from North Korea shall undergo a quarantine inspection.

(2) The provisions of Articles 6 to 28 and 33 to 35-2 of the Quarantine Act shall be applicable to the quarantine inspection as referred to in Paragraph (1): Provided, That the delivery of the quarantine certificate or provisional quarantine certificate as prescribed in Articles 19 and 20 of the Quarantine Act may be omitted.

(3) Any person coming into South Korea from North Korea who is infected with an infectious disease or suspected of any infection, and who carries things which are infected by a pathogenic organism of an infectious disease germ or suspected of such infection, shall report it to the director of the national quarantine station or the health center.

#### **Article 24 (Support of South-North Interchange and Cooperation)**

If it is deemed necessary for promoting the South-North interchange and cooperation, the Government may grant any subsidy or give other necessary support to those who carry on services for the South-North interchange and cooperation under this Act.

#### **Article 25 (Request for Cooperation)**

If it is deemed necessary to promote the South-North interchange and cooperation and establishing any policy connected with it, the Minister of National Unification may request any necessary cooperation, such as a statement of opinion, etc. to experts concerned and those who have experience in the South-North interchange and cooperation. In this case, any person who receives a request for cooperation, shall comply with it unless there is any justifiable reason not to comply.

## **Article 26 (Application of Other Laws)**

(1) With respect to matters concerning the internal economic exchange, which are not prescribed especially by this Act, the provisions of laws relating to trade, such as the Foreign Trade Act, etc., shall be applicable under the conditions as prescribed by the Presidential Decree.

(2) With respect to carrying goods out or in, the provisions of laws relating to the levy, collection, reduction and exemption, refundment, etc. of taxes shall be applicable under the conditions as prescribed by the Presidential Decree: Provided, that in case of carrying-in of goods, the provisions of the Customs Act concerning taxation, provisions of Subparagraph 1 of Article 4 of the Defense Tax Act and provisions of other laws concerning import fees shall be inapplicable.

(3) With respect to the investment, carrying goods out or in, other cooperative activities associated with the economy and transactions accompanying them, the following Acts shall be applicable under the conditions as prescribed by the Presidential Decree:

1. The Foreign Exchange Control Act;
2. The Foreign Capital Inducement Act;
3. The Korea Export-Import Bank Act;
4. The Export Insurance Act;
5. The Foreign Economic Cooperation Fund Act;
6. The Corporation Tax Act;
7. The Income Tax Act;
8. The Tax Reduction and Exemption Regulation Act;
9. The Special Act relating to Refundment of Tariffs, etc. on Raw Materials for Export; and

10. Other laws as prescribed by the Presidential Decree.

(4) In application of other laws under Paragraphs (1) to (3), any exception to it shall be prescribed by the Presidential Decree.

### **Article 27 (Penal Provisions)**

(1) Any person who falls under any of the following Subparagraphs shall be punished by imprisonment for not more than three years or fine not exceeding ten million Won;

1. A person who comes and goes between South Korea and North Korea without a certificate issued under Article 9(1), or contacts a resident of North Korea through a meeting, correspondence or other means without obtaining the approval as prescribed in Paragraph (3) of the said Article;

2. A person who carries goods out or in without obtaining the approval as prescribed in Article 13;

3. A person who carries on cooperative activities without obtaining the approval as prescribed in Article 17 (1);

4. A person who has a certificate as prescribed in Article 9 (1) issued, or obtains the approval as prescribed in Article 9 (3), 13 or 17, by deceit or other unlawful ways; and

5. A person who operates a ship, airplane, railway vehicle or automobile between South Korea and North Korea without obtaining the approval as prescribed in Article 20 (1).

(2) Any person who falls under any of the following Subparagraphs, shall be punished by imprisonment for not more than one year, or fine not exceeding five million Won;

1. A Korean resident abroad who comes and goes between North Korea and a foreign country without making a report as pre-

scribed in Article 9 (2);

2. A person who fails to comply with an adjustment order as prescribed in Article 15 (1), or to make a report as prescribed in Article 15 (2); and

3. A person who fails to comply with an adjustment order as prescribed in Article 18 (1), or to make a report as prescribed in Article 18 (2).

(3) Any attempt of offences as referred to in Subparagraphs 1 to 3 of Paragraph (1)) shall be punished.

### **Article 28 (Joint Penal Provisions)**

If a representative of a corporation, or an agent, serviceman or other employee of a corporation or individual commits an act falling under Article 27 in connection with affairs of the corporation or individual, the penalty of fine as prescribed in the said Article shall also be imposed on such corporation or individual in addition to the punishment of the offender.

### **Article 29 (Mitigation of Punishment)**

If a person who has committed an offence as prescribed in Paragraph (1) and Subparagraph 1 of Paragraph (2) of Article 27, surrenders himself to justice, the punishment may be mitigated or exempted.

### **Article 30 (Regard as Resident of North Korea)**

In application of this Act (excluding Articles 9 (1) and 11), mem-

bers of an overseas organization who take active parts in alignment with North Korea, shall be considered as a resident of North Korea.

**ADDENDA**

(1) (Enforcement Date) This Act shall enter into force as of the date of its promulgation.

(2) (Revision of Other Laws) Omitted.

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### **3. Agreement on Reconciliation, Nonaggression and Exchanges and Cooperation between the South and the North**

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*To enter into force as of February 19, 1992*

The South and the North,

In keeping with the yearning of the entire Korean people for the peaceful unification of the divided land;

Reaffirming the three principles of unification set forth in the July 4 (1972) South-North Joint Communiqué;

Determined to remove the state of political and military confrontation and achieve national reconciliation;

Also determined to avoid armed aggression and hostilities, reduce tension and ensure peace;

Expressing the desire to realize multi-faceted exchanges and cooperation to advance common national interests and prosperity;

Recognizing that their relations, not being a relationship between states, constitute a special interim relationship stemming from the process towards unification;

Pledging to exert joint efforts to achieve peaceful unification;

Hereby have agreed as follows;

**CHAPTER I**  
**SOUTH-NORTH RECONCILIATION**

**Article 1**

The South and the North shall recognize and respect each other's system.

**Article 2**

The two sides shall not interfere in each other's internal affairs.

**Article 3**

The two sides shall not slander or vilify each other.

**Article 4**

The two sides shall not attempt any actions of sabotage or overthrow against each other.

**Article 5**

The two sides shall endeavor together to transform the present state of armistice into a solid state of peace between the South and the North and shall abide by the present Military Armistice Agreement (of July 27, 1953) until such a state of peace has been realized.

### **Article 6**

The two sides shall cease to compete or confront each other and shall cooperate and endeavor together to promote national prestige and interests in the international arena.

### **Article 7**

To ensure close consultations and liaison between the two sides, South-North Liaison Offices shall be established at Panmunjom within three (3) months after the coming into force of this Agreement.

### **Article 8**

A South-North Political Committee shall be established within the framework of the South-North High-Level Talks within one (1) month of the coming into force of this Agreement with a view to discussing concrete measures to ensure the implementation and observance of the accords on South-North reconciliation.

## **CHAPTER II SOUTH-NORTH NONAGGRESSION**

### **Article 9**

The two sides shall not use force against each other and shall not undertake armed aggression against each other.

### **Article 10**

Differences of views and disputes arising between the two sides shall be resolved peacefully through dialogue and negotiation.

### **Article 11**

The South-North demarcation line and areas for non-aggression shall be identical with the Military Demarcation Line specified in the Military Armistice Agreement of July 27, 1953 and the areas that have been under the jurisdiction of each side until the present time.

### **Article 12**

To implement and guarantee non-aggression, the two sides shall set up a South-North Joint Military Commission within three (3) months of the coming into force of this Agreement. In the said Commission, the two sides shall discuss and carry out steps to build military confidence and realize arms reduction, including the mutual notification and control of major movements of military units and major military exercises, the peaceful utilization of the Demilitarized Zone, exchanges of military personnel and information, phased reductions in armaments including the elimination of weapons of mass destruction and attack capabilities, and verifications thereof.

### **Article 13**

A telephone hotline shall be installed between the military authorities of the two sides to prevent accidental armed clashes and their escalation.

#### **Article 14**

A South-North Military Committee shall be established within the framework of the South-North High-Level Talks within one (1) month of the coming into force of this agreement in order to discuss concrete measures to ensure the implementation and observance of the accords on non-aggression and to remove military confrontation.

### **CHAPTER III SOUTH-NORTH EXCHANGES AND COOPERATION**

#### **Article 15**

To promote an integrated and balanced development of the national economy and the welfare of the entire people, the two sides shall engage in economic exchanges and cooperation, including the joint development of resources, the trade of goods as domestic commerce and joint ventures.

#### **Article 16**

The two sides shall carry out exchanges and cooperation in various fields such as science and technology, education, literature and the arts, health, sports, environment, and publishing and journalism including newspapers, radio and television broadcasts and publications.

**Article 17**

The two sides shall promote free intra-Korean travel and contacts for the residents of their respective areas.

**Article 18**

The two sides shall permit free correspondence, meetings and visits between dispersed family members and other relatives and shall promote the voluntary reunion of divided families and shall take measures to resolve other humanitarian issues.

**Article 19**

The two sides shall reconnect railroads and roads that have been cut off and shall open South-North sea and air transport routes.

**Article 20**

The two sides shall establish and link facilities needed for South-North postal and telecommunications services and shall guarantee the confidentiality of intra-Korean mail and telecommunications.

**Article 21**

The two sides shall cooperate in the economic, cultural and various other fields in the international arena and carry out joint undertakings abroad.

### **Article 22**

To implement accords on exchanges and cooperation in the economic, cultural and various other fields, the two sides shall establish joint commissions for specific sectors, including a Joint South-North Economic Exchanges and Cooperation Commission, within three (3) months of the coming into force of this Agreement.

### **Article 23**

A South-North Exchanges and Cooperation Committee shall be established within the framework of the South-North High-Level Talks within one (1) month of the coming into force of this Agreement with a view to discussing concrete measures to ensure the implementation and observance of the accords on South-North exchanges and cooperation.

## **CHAPTER IV AMENDMENTS AND EFFECTUATION**

### **Article 24**

This Agreement may be amended or supplemented by concurrence between the two sides.

### **Article 25**

This Agreement shall enter into force as of the day the two sides exchange appropriate instruments following the completion of

their respective procedures for bringing it into effect.

Signed on December 13, 1991

*Chung Won-shik*

Prime Minister of the  
Republic of Korea

Chief delegate  
of the South  
delegation to the  
South-North  
High-Level Talks

*Yon Hyong-muk*

Premier of the  
Administration Council of  
the Democratic People's  
Republic of Korea

Head  
of the North  
delegation to the  
South-North  
High-Level Talks

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## 4. Joint Declaration of the Denuclearization of the Korean Peninsula

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*To enter into force as of February 19, 1992*

The South and the North,

Desiring to eliminate the danger of nuclear war through denuclearization of the Korean peninsula, and thus to create an environment and conditions favorable for peace and peaceful unification of our country and contribute to peace and security in Asia and the world.

Declare as follows;

1. The South and the North shall not test, manufacture, produce, receive, possess, store, deploy or use nuclear weapons.

2. The South and the North shall use nuclear energy solely for peaceful purposes.

3. The South and the North shall not possess nuclear reprocessing and uranium enrichment facilities.

4. The South and the North, in order to verify the denuclearization of the Korean peninsula, shall conduct inspection of the objects selected by the other side and agreed upon between the two sides, in accordance with procedures and methods to be determined by the South-North Joint Nuclear Control Commission.

5. The South and the North, in order to implement this joint declaration, shall establish and operate a South-North Joint Nuclear Control Commission within one (1) month of the effectuation of this joint declaration.

6. This Joint Declaration shall enter into force as of the day the two sides exchange appropriate instruments following the completion of their respective procedures for bringing it into effect.

Signed on January 20, 1992

*Chung Won-shik*

Prime Minister of the  
Republic of Korea

Chief delegate  
of the South  
delegation to the  
South-North  
High-Level Talks

*Yon Hyong-muk*

Premier of the  
Administration Council of  
the Democratic People's  
Republic of Korea

Head  
of the North  
delegation to the  
South-North  
High Level Talks

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**5. Agreement on Supply of a Light-Water Reactor Project to the Democratic People's Republic of Korea between the Korean Peninsula Energy Development Organization and the Government of the Democratic People's Republic of Korea**

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*December 15, 1995*

The Korean Peninsula Energy Development Organization (hereinafter referred to as "KEDO") and the Government of the Democratic People's Republic of Korea (the Democratic People's Republic of Korea is hereinafter referred to as the "DPRK"),

Recognizing that KEDO is an international organization to finance and supply a light-water reactor project (hereinafter referred to as the "LWR project") to the DPRK as specified in the Agreed Framework between the United States of America and the Democratic People's Republic of Korea of October 21, 1994 (hereinafter referred to as the "U.S.-DPRK Agreed Framework"),

Recognizing that the U.S.-DPRK Agreed Framework and the June 13, 1995, U.S.-DPRK Joint Press Statement specify that the U.S. will serve as the principal point of contact with the DPRK for the LWR project and

Reaffirming that the DPRK shall perform its obligations under the relevant provisions of the U.S.-DPRK Agreed Framework and shall accept the LWR project as specified in the June 13, 1995, U.S.-DPRK Joint Press Statement,

Have agreed as follows:

## **Article I**

### **Scope of Supply**

1. KEDO shall provide the LWR project, consisting of two pressurized light-water reactor (LWR) units with two coolant loops and a generating capacity of approximately 1,000 MW(e) each, to the DPRK on a turnkey basis. The reactor model, selected by KEDO, will be the advanced version of U.S.-origin design and technology currently under production.

2. KEDO shall be responsible for the scope of supply for the LWR project, specified in Annex 1 to the Agreement. The DPRK shall be responsible for other tasks and items necessary for the LWR project, specified in Annex 2 to the Agreement.

3. The LWR project shall conform to a set of codes and standards equivalent to those of the IAEA and the U.S. and applied to the reactor model referred to in paragraph 1 of this Article. The set of codes and standards shall apply to the design, manufacture, construction, testing, commissioning, and operation and maintenance of the LWR plants, including safety, physical protection, environmental protection, and storage and disposal of radioactive waste.

## **Article II**

### **Terms of Repayment**

1. KEDO shall finance the cost of the tasks and items specified in Annex 1 to the Agreement to be repaid by the DPRK on a long-term, interest-free basis.

2. The amount to be repaid by the DPRK will be jointly determined by KEDO and the DPRK based on examination by each side of the technical description of the LWR project specified in the com-

mercial supply contract for the LWR project, the fair and reasonable market value of the LWR project, and the contract price payable by KEDO to its contractors and subcontractors under the commercial supply contracts for the tasks and items specified in Annex 1 to the Agreement. With respect to the tasks and items specified in Annex 1 to the Agreement, the DPRK shall not be responsible for any additional costs, other than those that result from actions by the DPRK or from its failure to take actions for which it is responsible, in which case the repayment amount shall be increased by an amount jointly determined by KEDO and the DPRK, based on actual added cost to the LWR project payable by KEDO.

3. The DPRK shall repay KEDO for each LWR plant in equal, semiannual installments, free of interest, over a 20-year term after completion of each LWR plant, including a three-year grace period beginning upon completion of that LWR plant. The DPRK may pay KEDO in cash, cash equivalents, or through the transfer of goods. In the event that the DPRK pays in cash equivalents or goods (such payment is hereinafter referred to as “in-kind payment”), the value of such in-kind payment shall be determined jointly by KEDO and the DPRK, based on an agreed formula for determining fair and reasonable market price.

4. Details concerning the amount and terms of repayment shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

## **Article III**

### **Delivery Schedule**

1. KEDO shall develop a delivery schedule for the LWR project aimed at achieving a completion date of 2003. The schedule of relevant steps to be performed by the DPRK under the U.S.-DPRK Agreed Framework, as specified in Annex 3 to the Agreement, shall be integrated with the delivery schedule for the LWR project with the aim of achieving the performance of such steps by 2003 and the smooth implementation of the LWR project. As specified in the U.S.-DPRK Agreed Framework, the provision of the LWR project and the performance of the steps specified in Annex 3 to the Agreement are mutually conditional.

2. For purposes of the Agreement, "completion" of an LWR plant means completion of performance tests that is satisfactory in accordance with the set of codes and standards specified in Article I (3). Upon completion of each plant, the DPRK shall issue to KEDO a take-over certificate for each respective plant.

3. Details concerning the delivery schedule for the delivery of the LWR project and the performance of the steps specified in Annex 3 to the Agreement, including mutually agreed procedures for any necessary changes and completion of a significant portion of the LWR project as specified in Annex 4 to the Agreement, shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

## **Article IV**

### **Implementing Arrangements**

1. The DPRK may designate a DPRK firm as its agent and authorize the firm to enter into implementing arrangements as necessary to facilitate the LWR project.

2. KEDO shall select a prime contractor to carry out the LWR project and shall conclude a commercial supply contract with this prime contractor. A U.S. firm will serve as program coordinator to assist KEDO in supervising overall implementation of the LWR project, and KEDO will select the program coordinator.

3. KEDO and the DPRK shall facilitate practical arrangements that both sides deem necessary, including efficient contacts and cooperation among the participants in the LWR project, to ensure the expeditious and smooth implementation of the LWR project.

4. Written communications required for the implementation of the Agreement may be executed in the English or Korean languages. Existing documents and data may be used or transmitted in their original languages.

5. KEDO, its contractors and subcontractors shall be permitted to operate offices at the project site and other directly related locations such as the nearby port or airport as shall be agreed between KEDO and the DPRK, as the progress of the LWR project may require.

6. The DPRK shall recognize KEDO's independent juridical status and shall accord KEDO and its staff such privileges and immunities in the territory of the DPRK as necessary to carry out the functions entrusted to KEDO. KEDO's juridical status and privileges and immunities shall be specified in a separate protocol

between KEDO and the DPRK pursuant to the Agreement.

7. The DPRK shall take steps to protect the safety of all personnel sent to the DPRK by KEDO, its contractors and subcontractors and their respective property. Appropriate consular protection in conformity with established international practice shall be allowed for all such personnel. Necessary consular arrangements shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

8. KEDO shall take steps to ensure that all personnel sent to the DPRK by KEDO, its contractors and subcontractors shall undertake to respect the relevant laws of the DPRK, as shall be agreed between KEDO and the DPRK, and to conduct themselves at all times in a decent and professional manner.

9. The DPRK shall not interfere with the repatriation, in accordance with customs clearance procedures, by KEDO, its contractors and subcontractors of construction equipment and remaining materials from the LWR project.

10. The DPRK shall seek recovery solely from the property and assets of KEDO for the satisfaction of any claims arising under the Agreement or from any of the acts and omissions, liabilities, or obligations of KEDO, its contractors and subcontractors in direct connection with the Agreement, protocols and contracts pursuant to the Agreement.

## **Article V**

### **Site Selection and Study**

1. KEDO shall conduct a study of the preferred Kumho area near Sinpo City, South Hamgyong Province to ensure that the site satis-

fies appropriate site selection criteria as shall be agreed between KEDO and the DPRK and to identify the requirements for construction and operation of the LWR plants, including infrastructure improvements.

2. To facilitate this study, the DPRK shall cooperate and provide KEDO with access to the relevant available information, including the results of the studies that were performed previously at this site. In the event that such data is not sufficient, KEDO shall make arrangements to obtain additional information or to conduct the necessary site studies.

3. Details concerning site access and the use of the site shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

## **Article VI**

### **Quality Assurance and Warranties**

1. KEDO shall be responsible for design and implementation of a quality assurance program in accordance with the set of codes and standards specified in Article I (3). The quality assurance program shall include appropriate procedures for design, materials, manufacture and assembly of equipment and components, and quality of construction.

2. KEDO shall provide the DPRK with appropriate documentation on the quality assurance program, and the DPRK shall have the right to participate in the implementation of the quality assurance program, which will include appropriate inspections, tests, commissioning, and review by the DPRK of the results thereof.

3. KEDO shall guarantee that the generating capacity of each

LWR plant at the time of completion, as defined in Article III (2), will be approximately 1,000 MW(e). KEDO shall guarantee that the major components provided by relevant contractors and subcontractors will be new and free from defects in design, workmanship, and material for a period of two years after completion, but in no event longer than five years after the date of shipment of such major components. The LWR fuel for the initial loading for each LWR plant shall be guaranteed in accordance with standard nuclear industry practice. KEDO shall guarantee that the civil construction work for the LWR project will be free of defects in design, workmanship, and material for a period of two years after completion.

4. Details concerning the provisions of this Article and the content and procedures for issuance and receipt of warranties shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

## **Article VII**

### **Training**

1. KEDO shall design and implement a comprehensive training program in accordance with standard nuclear industry practice for the DPRK's operation and maintenance of the LWR plants. Such training shall be held at mutually agreeable locations as soon as practicable. The DPRK shall be responsible for providing a sufficient number of qualified candidates for this program.

2. Details concerning the training program shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

## **Article VIII**

### **Operation and Maintenance**

1. KEDO shall assist the DPRK to obtain LWR fuel, other than that provided pursuant to Annex 1 to the Agreement, through commercial contracts with a DPRK-preferred supplier for the useful life of the LWR plants.

2. KEDO shall assist the DPRK to obtain spare and wear parts, consumables, special tools, and technical services for the operation and maintenance of the LWR plants, other than those provided pursuant to Annex 1 to the Agreement, through commercial contracts with a DPRK-preferred supplier for the useful life of the LWR plants.

3. KEDO and the DPRK shall cooperate to ensure the safe storage and disposition of the spent fuel from the LWR plants. If requested by KEDO, the DPRK shall relinquish any ownership rights over the LWR spent fuel and agree to the transfer of the spent fuel out of its territory as soon as technically possible after the fuel is discharged, through appropriate commercial contracts.

4. Necessary arrangements for the transfer of LWR spent fuel out of the DPRK shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

## **Article IX**

### **Services**

1. The DPRK shall process for approval all applications necessary for completion of the LWR project expeditiously and free of charge. These approvals shall include all permits issued by the DPRK nuclear regulatory authority, customs clearance, entry and other

permits, licenses, site access rights, and site take-over agreements. In the event that any such approval is delayed beyond the normally required time or denied, the DPRK shall notify KEDO promptly of the reasons therefor, and the schedule and cost for the LWR project may be adjusted as appropriate.

2. KEDO, its contractors and subcontractors, and their respective personnel shall be exempt from DPRK taxes, duties, charges and fees as shall be agreed between KEDO and the DPRK, and expropriation in connection with the LWR project.

3. All personnel sent to the DPRK by KEDO, its contractors and subcontractors shall be allowed unimpeded access to the project site and to appropriate and efficient transportation routes, including air and sea links, to and from the project site as designated by the DPRK and agreed between KEDO and the DPRK. Additional routes will be considered as the progress of the LWR project may require.

4. The DPRK shall, to the extent possible, make available at a fair price port services, transportation, labor, potable water, food, off-site lodging and offices, communications, fuel, electrical power, materials, medical services, currency exchanges and other financial services, and other amenities necessary for living and working by personnel sent to the DPRK by KEDO, its contractors and subcontractors.

5. KEDO, its contractors and subcontractors, and their respective personnel shall be allowed unimpeded use of available means of communications in the DPRK. In addition, KEDO, its contractors and subcontractors shall be permitted by the DPRK to establish secure and independent means of communications for their offices, based on a timely and case-by-case review of equipment requests

and in accordance with relevant telecommunications regulations of the DPRK.

6. Details concerning the above-referenced services shall be specified, as appropriate, in one or more separate protocols between KEDO and the DPRK pursuant to the Agreement.

## **Article X**

### **Nuclear Safety and Regulation**

1. KEDO shall be responsible for assuring that design, manufacture, construction, testing, and commissioning of the LWR plants are in compliance with nuclear safety and regulatory codes and standards specified in Article I (3).

2. The DPRK shall issue a site take-over certificate to KEDO upon completion of the site survey. A construction permit shall be issued by the DPRK nuclear regulatory authority to KEDO, prior to the power block excavation, based on its review of the preliminary safety analysis report and the site studies and on its determination of whether the LWR project complies with the nuclear safety and regulatory codes and standards specified in Article I (3). A commissioning permit shall be issued by the DPRK nuclear regulatory authority to KEDO prior to initial fuel loading, based on its review of the final safety analysis report, which includes the as-built design of the LWR plant, and results of non-nuclear commissioning tests. KEDO shall provide the results of nuclear commissioning tests and operator training records to the DPRK in support of its issuance of an operating permit to the operator. KEDO shall provide the DPRK, in a timely manner, with the safety analysis reports, necessary information including that on the codes and standards, and

such other documents as KEDO deems necessary in order to make the required determination. The DPRK shall ensure that these permits will be issued in a timely manner not to impede the project schedule.

3. The DPRK shall be responsible for the safe operation and maintenance of the LWR plants, appropriate physical protection, environmental protection, and, consistent with Article VIII (3), the safe storage and disposal of radioactive waste, including spent fuel, in conformity with the set of codes and standards specified in Article I (3). In this regard, the DPRK shall assure that appropriate nuclear regulatory standards and procedures are in place to ensure the safe operation and maintenance of the LWR plants.

4. Prior to the shipment of any fuel assemblies to the DPRK, the DPRK shall observe the provisions set forth in the Convention on Nuclear Safety (done at Vienna, September 20, 1994), the Convention on Early Notification of a Nuclear Accident (adopted at Vienna, September 26, 1986), the Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency (adopted at Vienna, September 26, 1986), and the Convention on the Physical Protection of Nuclear Material (opened for signature at Vienna and New York, March 3, 1980).

5. After the completion of the LWR plants, KEDO and the DPRK shall conduct safety reviews to ensure the safe operation and maintenance of the LWR plants. In this regard, the DPRK shall provide necessary assistance to enable such reviews to be conducted as expeditiously as possible and shall give due consideration to the results of such reviews. Details concerning the schedule and procedures for conducting the safety reviews shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

6. In the event of a nuclear emergency or accident, the DPRK shall permit immediate access to the site and information by personnel sent by KEDO, its contractors and subcontractors to determine the extent of safety concerns and to provide safety assistance.

## **Article XI**

### **Nuclear Liability**

1. The DPRK shall ensure that a legal and financial mechanism is available for meeting claims brought within the DPRK for damages in the event of a nuclear incident (as defined in the Vienna Convention on Civil Liability for Nuclear Damage, done at Vienna, May 21, 1963) in connection with the LWR plants. The legal mechanism shall include the channeling of liability in the event of a nuclear incident to the operator on the basis of absolute liability. The DPRK shall ensure that the operator is able to satisfy such liabilities.

2. Prior to the shipment of any fuel assemblies to the DPRK, the DPRK shall enter into an indemnity agreement with KEDO, and shall secure nuclear liability insurance or other financial security to protect KEDO, its contractors and subcontractors, and their respective personnel in connection with any third party claims in any court or forum arising from activities undertaken pursuant to the Agreement in the event of nuclear damage or loss occurring inside or outside the territory of the DPRK as a result of a nuclear incident in connection with the LWR plants. Details concerning the indemnity agreement and insurance or other financial security shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

3. The DPRK shall bring no claims against KEDO, its contractors

and subcontractors, and their respective personnel arising out of any nuclear damage or loss.

4. The Article shall not be construed as acknowledging the jurisdiction of any court or forum or as waiving any immunity of either side.

5. The domestic legal system of the DPRK may provide that, if the operator proves that the nuclear damage resulted wholly or partly either from the gross negligence of the person suffering the damage or from an act or omission of such person done with intent to cause damage, the operator may be relieved wholly or partly from his obligation to pay compensation in respect of the damage suffered by such person. The operator shall have a right of recourse only if the damage caused by a nuclear incident results from an act or omission done with intent to cause damage, against the individual acting or omitting to act with such intent. For purposes of this paragraph, the terms “person” and “individual” shall have the same meaning as in the Vienna Convention on Civil Liability for Nuclear Damage (done at Vienna, May 21, 1963).

## **Article XII**

### **Intellectual Property**

1. In the course of performing its obligations under the Agreement, each side may receive, directly or indirectly, information relating to the intellectual property of the other side. All such information and any materials or documents containing such information (collectively, the “Intellectual Property”) are proprietary and confidential to such other side, whether or not protected by patent or copyright law. Each side agrees to protect the confidentiality of

the other side's Intellectual Property and to use it only for the purposes of the LWR project as provided for in the Agreement and in accordance with international norms, including practices established by the Paris Convention on the Protection of Industrial Property Rights.

2. Except as otherwise agreed between the two sides, neither side shall replicate, copy, or otherwise reproduce any of the equipment or technology of the other side provided in connection with the LWR project.

### **Article XIII**

#### **Assurances**

1. The DPRK shall use the reactors, technology, and nuclear material (as defined in accordance with international practice) transferred pursuant to the Agreement, as well as any nuclear material used therein or produced through the use of such items, exclusively for peaceful, non-explosive purposes.

2. The DPRK shall ensure that the reactors, technology, and nuclear material transferred pursuant to the Agreement, as well as any nuclear material used therein or produced through the use of such items, are used properly and exclusively for the purposes of the LWR project.

3. The DPRK shall provide effective physical protection in accordance with international standards with respect to the reactors and nuclear material transferred pursuant to the Agreement, as well as any nuclear material used therein or produced through the use of such items for the useful life of such reactors and nuclear material.

4. The DPRK shall apply IAEA safeguards to the reactors and

nuclear material transferred pursuant to the Agreement, as well as any nuclear material used therein or produced through the use of such items, for the useful life of such reactors and nuclear material.

5. The DPRK shall at no time reprocess or increase the enrichment level of any nuclear material transferred pursuant to the Agreement, or any nuclear material used in or produced through the use of any reactor or nuclear material transferred in the LWR project.

6. The DPRK shall not transfer any nuclear equipment or technology or nuclear material transferred pursuant to the Agreement, or any nuclear material used therein or produced through the use of such items, outside the territory of the DPRK unless otherwise agreed between KEDO and the DPRK, except as provided for in Article VIII (3).

7. The above-referenced assurances may be supplemented by DPRK assurances, through appropriate arrangements, to KEDO members that provide to the DPRK any components controlled under the Export Trigger List of the Nuclear Suppliers Group for the LWR project, if and when such KEDO member or members and the DPRK deem it necessary.

#### **Article XIV**

##### **Force Majeure**

Either side's performance shall be considered excusably delayed if such delay is due to one or more events that are internationally accepted to constitute force majeure. Each such event is herein referred to as an event of "Force Majeure." The side whose performance is delayed by an event of Force Majeure shall provide notice

of such delay to the other side promptly after such event has occurred and shall use such efforts as are reasonable in the circumstances to mitigate such delay and the effect thereof on such side's performance. The two sides shall then consult with each other promptly and in good faith to determine whether alternative performance and the adjustment of the schedule and cost of the LWR project are necessary.

## **Article XV**

### **Dispute Resolution**

1. Any disputes arising out of the interpretation or implementation of the Agreement shall be settled through consultations between KEDO and the DPRK, in conformity with the principles of international law. KEDO and the DPRK shall organize a coordinating committee composed of three people from each side to help settle disputes that may arise in the process of implementing the Agreement.

2. Any dispute that cannot be resolved in this manner shall, at the request of either side and with the consent of the other side, be submitted to an arbitral tribunal composed as follows: KEDO and the DPRK shall each designate one arbitrator, and the two arbitrators so designated shall elect a third, who shall be the Chairman. If, within thirty days of the mutual agreement for arbitration, either KEDO or the DPRK has not designated an arbitrator, either KEDO or the DPRK may request the President of the International Court of Justice to appoint an arbitrator. The same procedure shall apply if, within thirty days of the designation or appointment of the second arbitrator, the third arbitrator has not been elected. A majority

of the members of the arbitral tribunal shall constitute a quorum, and all decisions shall require the concurrence of two arbitrators. The arbitral procedure shall be fixed by the tribunal. The decisions of the tribunal shall be binding on KEDO and the DPRK. Each side shall bear the cost of its own arbitrator and its representation in the arbitral proceedings. The cost of the Chairman in discharging his duties and the remaining costs of the arbitral tribunal shall be borne equally by both sides.

## **Article XVI**

### **Actions in the Event of Noncompliance**

1. KEDO and the DPRK shall perform their respective obligations in good faith to achieve the basic objectives of the Agreement.

2. In the event that either side fails to take its respective steps specified in the Agreement, the other side shall have the right to require the immediate payment of any amounts due and financial losses in connection with the LWR project.

3. In the event of late payment or nonpayment by either side with respect to financial obligations to the other side incurred in implementing the Agreement, the other side shall have the right to assess and apply penalties against that side. Details concerning the assessment and application of such penalties shall be specified in a separate protocol between KEDO and the DPRK pursuant to the Agreement.

**Article XVII**  
**Amendments**

1. The Agreement may be amended by written agreement between the two sides.
2. Any amendment shall enter into force on the date of its signature.

**Article XVIII**  
**Entry into Force**

1. The Agreement shall constitute an international agreement between KEDO and the DPRK, and shall be binding on both sides under international law.
2. The Agreement shall enter into force on the date of its signature.
3. The Annexes to the Agreement shall be an integral part of the Agreement.
4. The Protocols pursuant to the Agreement shall enter into force on the date of their respective signature.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have signed the Agreement.

DONE at New York City on this *15th* day of December, 1995, in duplicate in the English language.

For the Korean Peninsula  
Energy Development  
Organization

For the Government of the  
Democratic People's  
Republic of Korea

## ANNEX 1

The scope of supply of the LWR plants referenced in Article 1 of the Agreement for which KEDO shall be responsible shall consist of the following tasks and items.

1. Site survey
2. Site preparation, which shall consist of the clearing and leveling of the site and provision of electricity necessary for construction at the site and water services at the site necessary for completion of the LWR plants.
3. Preconstruction infrastructure that KEDO deems is integral to and exclusively for use in the construction of the LWR plants, which shall consist of roads within the site boundary, access roads from the site to off-site roads, barge docking facilities and a road from there to the site, a waterway and water catchment facilities including weir, and housing and related facilities for KEDO, its contractors, and subcontractors.
4. Technical documents necessary for the operation and maintenance of the LWR plants, including the construction schedule.
5. Power plant systems, facilities, buildings, structures, equipment, and auxiliary facilities, including laboratory and measurement equipment and cold machine shop, that KEDO deems necessary for the two LWR plants.
6. A low and medium radioactive waste storage building with a ten-year storage capacity for the two LWR plants.
7. All tests required up to take-over.
8. The inventory of spare parts, wear parts, consumables, and special tools as KEDO deems necessary for a two-year period of plant operation, in accordance with standard nuclear industry practice.

9. Nuclear fuel for the initial loading of each LWR, including such fuel rods as may be necessary to preserve safety for initial operation.

10. A comprehensive training program for the operation and maintenance of the LWR plants implemented by KEDO and its contractors in accordance with standard nuclear industry practice, including provision of a full-scope simulator.

11. Technical support services as KEDO deems necessary for operation and maintenance of the first LWR plant for one year after completion at that LWR plant, in accordance with standard nuclear industry practice.

12. Overall project management.

## **ANNEX 2**

The tasks and items referenced in Article 1 (2) of the Agreement for which the DPRK shall be responsible shall consist of the following:

1. Securing the site (land and marine) for the LWR project, including relocation of population, existing structures and facilities.

2. Provision of/access to information and documents necessary for implementation of the LWR project available in the DPRK.

3. Stable supply of electricity for commissioning of the two LWR plants as available in the DPRK.

4. Access to existing harbor, rail, and airport facilities designated by the DPRK and agreed between KEDO and the DPRK in the vicinity of the site for the transportation of materials and equipment necessary for the LWR project.

5. Securing aggregate and quarry site.

6. Communication lines to the LWR project site, to the extent possible, pursuant to Article IX of the Agreement.

7. Qualified operators trained by KEDO to participate in the commissioning.

### **ANNEX 3**

The relevant steps to be performed by the DPRK in connection with the supply of the LWR project under the U.S.-DPRK Agreed Framework, as referenced in Article III (1) of the Agreement, consist of the following:

1. The DPRK will remain a party to the Treaty on the Non-Proliferation of Nuclear Weapons and will allow implementation of its safeguards agreement under the Treaty, as specified in the U.S.-DPRK Agreed Framework.

2. The DPRK will continue the freeze on its graphite-moderated reactors and related facilities and provide full cooperation to the IAEA in its monitoring of the freeze.

3. The DPRK will refrain from the construction of new graphite-moderated reactors and related facilities.

4. In the event that U.S. firms will be providing any key nuclear components, the DPRK and the U.S. will conclude a bilateral agreement for peaceful nuclear cooperation prior to the delivery of such components. Such agreement will not be implemented until a significant portion of the LWR project is completed, as specified in Annex 4 to the Agreement. For purposes of the Agreement, "key nuclear components" are the components controlled under the Export Trigger List of the Nuclear Suppliers Group.

5. The DPRK will continue cooperation on safe storage and uli-

mate disposition of spent fuel from the 5MW(e) experimental reactor.

6. Upon the signing of the Agreement, the DPRK will permit resumption of ad hoc and routine inspections under the DPRK's safeguards agreement with the IAEA with respect to facilities not subject to the freeze.

7. When a significant portion of the LWR project is completed, but before delivery of key nuclear components, the DPRK will come into full compliance with its IAEA safeguards agreement, including taking all steps that may be deemed necessary by the IAEA.

8. When the first LWR plant is completed, the DPRK will begin dismantlement of its frozen graphite-moderated reactors and related facilities, and will complete such dismantlement when the second LWR plant is completed.

9. When delivery of the key nuclear components for the first LWR plant begins, the transfer from the DPRK of spent fuel from the 5MW(e) experimental reactor for ultimate disposition will begin and will be completed when the first LWR plant is completed.

#### **ANNEX 4**

A significant portion of the LWR project, referenced in Article III (3) of the Agreement, means the following. A further elaboration of the definition will be specified in the separate protocol referenced in Article III (3).

1. Conclusion of the contract for the LWR project.
2. Completion of site preparation, excavation, and completion of facilities necessary to support construction of the LWR project.
3. Completion of initial plant design for the selected site.

4. Specification and fabrication of major reactor components for the first LWR unit as provided for in project plans and schedules.

5. Delivery of essential non-nuclear components for the first LWR unit, including turbines and generators, according to project plans and schedules.

6. Construction of the turbine buildings and other auxiliary buildings for the first LWR unit, to the stage provided for in project plans and schedules.

7. Construction of the reactor building and containment structure for the first LWR unit to the point suitable for the introduction of components of the Nuclear Steam Supply System.

8. Civil construction and fabrication and delivery of components for the second LWR unit according to project plans and schedules.

## **6. President Kim Young-sam's 1994 Liberation Day Speech**

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*August 15, 1994*

Fellow citizens,

I join all of you in heartily celebrating the 49th anniversary of national liberation. In observing the second National Liberation Day since the birth of this democratic civilian Administration, we are more hopeful and confident than ever before about the bright future of our nation. Over the past year and a half, our people have endeavored together to promote change, reform, openness and progress. We have enhanced the nation's competitiveness on the strength of a clean government.

We have restored the building in Shanghai that used to house the Provisional Korean Government. The remains of several patriotic ancestors have been brought home and entombed in their homeland.

The legitimacy of the Republic of Korea has been more firmly established than ever before. Our intrinsic national spirit is being revived as we are proudly shaping a brighter future for our nation. At the same time, the center of a new civilization is shifting toward the Asia-Pacific region. An opportunity is approaching for us to become a key player in this Asia-Pacific era and in the emerging new civilization.

The Korean people cannot live divided forever. We must pool all our national determination and energies. We must become one again

and forge an era in which our proud people are at the forefront of a new civilization.

My 70 million compatriots at home and abroad,

As the President of the Republic of Korea, I have not forgotten for even a single moment my responsibility for the security, survival, unification and prosperity of our 70 million people. It was with this acute sense of responsibility that this past July I pursued a South-North summit meeting.

Now that both the currents of world history and the trend of South-North relations are entering a new phase, I hereby wish to redefine the basic position of our Government on unification.

Over the past century, the Korean people have tirelessly striven to secure independence, freedom and democracy. National liberation will have been truly completed only when we have built a unified Korea marked by blooming democracy and brimming prosperity.

World history has already proclaimed the victory of freedom and democracy. We are now living in the age of ever-spreading democracy. With the advent of this civilian government, democracy is spreading its roots into our soil ever deeper and firmer. We will defend our hard-won freedom and democracy at any cost. I want to make it clear once again that any challenges to our free and democratic system will not be tolerated.

The basic philosophy behind our quest for unification is also centered on the values of freedom and democracy. Without freedom, there can be no democracy. Without democracy, there can be no genuine freedom and peace. With firm faith in democracy and on the strength of the independent abilities of our nation, we must strive harder to overcome the lingering remnants of the Cold War and end the territorial division in order to achieve the long-cher-

ished goal of peaceful unification without fail.

The unification process should be focused not on how to distribute power but on how to enable our people to live together. Unification should be grounded on the values of freedom, democracy and well-being for all, rather than on any ideology focused narrowly on a specific class or group. Efforts toward unification should be concerned not so much with developing a hypothetical structure of a unified state as with building a national community within which all Koreans can live together.

Unification should be achieved on our own according to the wishes of our people and by virtue of our inherent national capabilities. Unification must be achieved peacefully without fail. It must not be achieved through war or one side overthrowing the other. Unification must be achieved democratically on the strength of the freedom and rights of all Koreans.

It will not be possible to unify the South and the North overnight, because the two parts of Korea have been locked into mutual hostility and distrust for as long as they have consistently pursued distinctly different ideologies and markedly different political and social systems. Unification should be a gradual and phased process of building a single national community.

The Government has already made public a three-stage unification formula for building a single national community. It calls first for reconciliation and cooperation between the South and the North, next for forming a Korean commonwealth and lastly for completing a single unified nation-state.

First of all, the presently hostile and confrontational South-North relations must be replaced with an amicable and cooperative relationship. Yemen failed to prevent a civil war even after it was politi-

cally unified. This is because it was unified hastily and superficially without having gone through a process of real reconciliation and cooperation.

South and North Korea must first promote coexistence and coprosperity and then join together in a Korean commonwealth to ensure lasting peace. During the commonwealth stage, the two areas of Korea should form and develop a single socio-economic community to lay the groundwork for political integration.

In short, the Government's Three-Stage Unification Formula for Building a Korean National Community is designed to ultimately build a single nation-state after going through interim stages of integration. The path to unification must also be the path to democracy and prosperity. A unified homeland which will belong to all 70 million Koreans must be built on a national community and must guarantee every individual citizen freedom, welfare and human dignity.

My compatriots at home and abroad,

The Cold War era is finally leaving the Korean Peninsula, too. The competition between the South and the North over which can create a better society has already been decided. The 20th century has witnessed the failure of the experiments of socialism and Communism. Following the demise of the Cold War, the whole world is now marching down the avenue of freedom, well-being and openness. The Korean Peninsula alone cannot be excluded from this historic global trend.

The North Korean leadership must, as a matter of course, abandon their obsolete strategy of communizing the South. They must also undertake bold reforms, including the improvement of the human rights situation. Pyongyang must not only recognize the

plight of dispersed families as a basic human rights issue but also promptly cooperate to resolve the problem of South Koreans who were abducted.

South-North relations should be focused on how to promote the well-being of the entire populace, rather than be mired in futile ideological confrontation. Now is the time for us to endeavor harder to catch up with the changing times and make pragmatic preparations one after another for moving toward peace and cooperation.

Currently, North Korea is undergoing a major transition as it experiences its first succession of power since the regime was found (in 1948).

We hope that the North will come to pursue a path of reform and openness amidst stabilization. Our Government and our people, as fellow brethren, will spare no effort in supporting and cooperating with the North for such endeavors. Only after the people of the South and the North cooperate with each other and bring about mutual prosperity will it be possible to form a single economic community which will naturally pave the way for unification.

National unification should not hinder the Korean national community's efforts to join the ranks of the advanced nations; instead, it should help further develop the creativity and potential of our people. This is the reason that we do not desire unification by absorption.

The first step toward improving South-North relations should be to build mutual trust. Mutual trust can only be built when mutual commitments are sincerely translated into action. The Basic Agreement between the South and the North and the Joint Declaration of the Denuclearization of the Korean Peninsula were landmark accords for reconciliation and cooperation declared before the

entire Korean people and international society.

The North Korean nuclear issue which has created such serious tension on the Korean Peninsula during the past year, should be resolved by complying with the Joint Declaration of the Denuclearization of the Korean Peninsula. For the sake of creating an atmosphere conducive to promoting reconciliation and cooperation, we must immediately stop slandering each other and expeditiously build up military trust so that the state of military confrontation can finally be ended.

Our doors are always open for dialogue with the North at any place and any time. The North must open its doors and join the rest of the international community. We have never wanted to see the North isolated from the rest of the world. For its part, the North must give up its isolationist adventurism emboldened by its nuclear ambition.

If and when the North guarantees the transparency of its nuclear activities, we are ready to support their development of the peaceful use of nuclear energy, including light-water nuclear reactor construction, by providing them with the necessary capital and technology. This could well become the very first joint project for national development leading to the establishment of a single community of the Korean people.

Fellow citizens,

I repeat once again that we are hoping for a unification which is gradual and step-by-step. However, there is, of course, the possibility that unification could occur unexpectedly at any time. We must examine every possibility and be fully prepared for any outcome.

Whenever or however it happens, national unification must begin with the restoration and development of the presently divided and

heterogenous elements of Korean society into a unified national community. To this end, we must begin by developing our own society into a model democratic community. Unification will not only bring glory and joy, but will also entail pain and sacrifice, and we must gather the strength and courage needed to endure this.

We must always keep in mind the difficulties being experienced by our brethren in the North. The problems of the North are our own problems. We must always be prepared and ready to cooperate with our fellow brethren. We must resolutely prepare ourselves for national reconciliation and unification.

Fellow citizens and brethren overseas,

As we reflect on the past half-century, we cannot help but be emotionally moved and at the same time ashamed of ourselves, even more so as we recall the difficulties and sufferings of our people in the South, in the North and overseas. We must strive to make the year 1995, the 50th anniversary of the restoration of our independence, a milestone in our history. It is for this reason that we are beginning preparations now for commemorating that event.

I would like to propose to my compatriots at home and abroad that the 50th anniversary of liberation be made a catalyst for our concerted efforts toward opening an era of the 70 million Korean people living under one roof.

Our people successfully overcame the oppression of colonial rule, and our independence was restored. Our people fought against dictatorship and successfully established a democracy. Our people rose from the ashes of the Korean War and brought about the Miracle on the Han River.

As an extension of this, now our people must endeavor to create a New Korea, a unified nation fully enjoying democracy and prosperi-

ty. Just as our forebears shed their precious blood for the liberation of our homeland, we must now shed our own sweat for a second liberation. By doing so, I hope we will be able to hand over to our posterity the unified, prosperous homeland our forebears and we dreamed about and have striven so long to create.

Our nation will stand tall at the center of a new world civilization without fail. Let us all pool our strength and closely cooperate for a second liberation. Let us all march together toward a great era of national unity.

Thank you.

## **7. President Kim Young-sam on the 51st Anniversary of National Liberation**

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*August 15, 1996*

My 70 million compatriots at home and abroad and distinguished guests,

We are gathered here today, on the 51st anniversary of national liberation, in order to renew our pledge to realize the unification of our country and the glory of our people. My fellow Koreans who are watching this occasion right now can still feel the deep emotion of 51 years ago when people, freed at last from the oppression of colonialism, reached down to touch the soil with their hands to confirm that it was now their own, and when even the sea danced in jubilation.

This place is also filled with pride over the progress we have made in the past half century, during which we have created something out of nothing with only our blood and sweat.

The torch that symbolizes our hopes and courage is burning bright allowing us to forge the approaching 21st century into an age of the Korean people.

We feel acutely the importance of "nation" on this day every year. We are able to advance into the world and the future, singing the joys of progress, only because we have a nation.

First of all, I would like to humbly express my profound respect for our patriotic forefathers who sacrificed their lives to lay the foundation for our independence. I would also like to express my deep gratitude to the great people of this country who have played

the main role in developing our country into a land of freedom and prosperity.

Fellow citizens,

For the past half century, we have worked hard to build this nation, overcoming the yoke of national division and the devastation of war. Although harsh and adverse circumstances have blocked our progress along the path, we have, with an indomitable will, succeeded in making our nation into what it is today.

The Republic of Korea which had its start as one of the poorest nations in the world now has become the world's 11th largest economy with a per capita income of US\$10,000. The democracy that we have achieved together has turned the people into the true master of this country and the Republic into a nation that can stand tall in the world. We have righted the wrongs of the past and established a truly democratic Government, raising the level of our pride in the nation. We are satisfied that our country which used to receive assistance from others has become a nation that provides others with assistance.

At the Atlanta Olympic Games 10 days ago, we were able once again to confirm the power and energy of our people.

The status of our nation in the international community has never been higher. This means that the dreams of our patriotic forefathers who ardently pursued a free and prosperous independent nation are being realized. You, the people, have created the Korean miracle in the past half century.

My 70 million compatriots,

Today, when the second half century since national liberation has begun to unfold, we have to resolve to make a new start to complete a century of independence.

We have an ardent wish. It is to complete our incomplete state of independence. It is a wish to create a great age of the Korean people and a nation that can stand tall at the center of the world, a nation that leads the world in democracy and prosperity, a cultured nation in which spiritual values and morality are respected and a unified nation that could contribute to the peace and prosperity of the world. These are the stuff our dreams are made of.

And we can do it. With the power and strength that have achieved the Korean miracle, we can surely realize the glory of the Korean people.

Fellow Koreans at home and abroad,

The greatest task facing our people is to achieve peaceful unification. This is a must, if we are to be completely and truly independent.

The first step toward peaceful unification is to recognize that all 70 million Korean people are one. We always have to think about our compatriots not only in the South, but also in the North as well as in other parts of the world.

The fact that we sent an enormous amount of free rice, worth 190 billion won to North Korea without any condition last year was aimed at relieving the compatriots in the North of their difficulties. Although, regretfully, our good intention has not resulted in reconciliation and cooperation between the South and North, it nevertheless is highly significant if it is seen from a long-term perspective and in the context of the history of our people.

The cardinal factors for improving inter-Korean relations and achieving peaceful unification are peace and cooperation. Only peace and cooperation can help us overcome the pain of national division. They will be the key that opens the path toward unifica-

tion and prosperity.

In this respect, I will enunciate our position in support of peace on the Korean Peninsula and Inter-Korean cooperation.

First, we want stability in North Korea. We do not want the difficulties North Korea is experiencing now to develop to the point where they would affect stability there.

Second, we do not want North Korea to be isolated. We hope that North Korea will become a sound member of the international community so that, together with us, it can enhance the capability of our people and make contributions to the world.

Third, we do not pursue unification that is imposed by one side on the other. The Korean question should be resolved in a peaceful and practical way in accordance with agreements between the South and North.

As the parties directly concerned with the Korean question, South and North Korea, through the basic inter-Korean agreement, have already promised to the world and their people that they will work to settle peace on the Peninsula and promote exchanges and cooperation. This promise should not be delayed any longer.

Based on this fundamental spirit, I intend to take the lead in solving inter-Korean problems.

My 70 million fellow compatriots,

It was in the spirit of peace and cooperation that President Bill Clinton of the United States and I proposed a four-party meeting on Korea last April. A wide-range of problems related to the relaxation of tension and the settlement of peace on the Korean Peninsula could be discussed at the four-party meeting. Above all, the problem of establishing a peace structure would be discussed there. The question of building trust between the militaries of the two side

would also be discussed. Furthermore, from the standpoint of the relaxation in tension, inter-Korean economic cooperation could be discussed.

I would like to take this opportunity to express our thinking on the problem of economic cooperation that would be taken up at the four-party meeting.

First is the problem of food. North Korea is now experiencing a serious food shortage. Especially, the flood damage caused by last month's torrential rains is adding to the pain felt by the North Koreans. As part of the same people, we could not but feel truly sorry for them.

We have helped the North Korean with brotherly love in the past and will exert efforts to encourage international support for North Korea in the future. However, North Korea's food shortages could never be solved through temporary outside assistance. We are prepared to help North Korea find a fundamental solution to its food problem.

First of all, we can help increase North Korea's agricultural productivity in various ways. We could also assist North Korea in its recovery efforts from the devastating floods by providing it with machinery and equipment. Moreover, we are also willing to supply the necessary goods and materials by expanding inter-Korean trade and investing in the Najin-Sonbong free trade zone. We would also allow South Korean tourists to visit North Korea. Economic exchanges such as these would be carried out mainly by private businesses.

Prior to these exchanges, however, the Government authorities of the South and North will have to work out agreements to guarantee the safety of people and materials to be exchanged, among other

things. I hope that Government authorities of the two sides will push further meaningful and practical economic cooperation through dialogue under the basic principles of mutual benefit and relaxation of tension.

North Korea's economic problems can be resolved only through genuine consultation and cooperation with the South. More than anyone else, we have a strong desire and the capabilities to assist North Korea.

Therefore, I believe that when the four-party meeting is held, North Korea will be able to benefit from political stability, military trust and economic profits.

The reason that other nations of the world support the four-party meeting is because it is the best way to attain stability and prosperity not only on the Korean Peninsula but in all of Northeast Asia.

I urge North Korean leaders once again to attend the four-party meeting not only for themselves but also for the future of the Korean people and of Northeast Asia.

Fellow citizens,

The peaceful unification of our country has now become a real task for us. The fate of our people depends entirely on ourselves. We have to realistically prepare for unification. As our desire for unification heats up, our pace toward unification should be deliberate and cautious. Sentimentalism or the idea that one side should do a favor to the other in order to realize unification at any cost do not help solve inter-Korean problems.

I will firmly deal with any group that tries to overthrow our Government or any political system that challenges democracy on which the Government is built.

National security has to be firmly maintained. As the comman-

der-in-chief of the armed forces, I will firmly guard our nation and people with mighty military force. The combined ROK-US defense posture and cooperative structure are firmer than at any time before.

In order to realize a unified Korea, national unity is more important than anything else. To that end, we have to achieve unity among regions, classes and generations.

Politics should no longer be a struggle between regions or factions; it should rather concentrate the people's strength through unity and harmony; it will have to be developed into politics that manages the nation with a firm vision for the future. It has to develop into globalized politics that could help manage world affairs.

Our economy will also have to make a leap forward so that all 70 million Korean people will enjoy affluence together. We will have to increase the size of our economy to US\$1 trillion and that of trade to US\$ 500 billion by the beginning of the next century.

I am well aware of the people's concern over our economy of late. In order to reinvigorate our economy, the Government is making utmost efforts. I earnestly urge you to cooperate with the Government in its efforts to recover the nation's economy and make our life affluent through thrift and savings.

We also have to have justice and rationality take root in our society by steadily pushing reform and changes.

By further promoting globalization, we have to raise standards in all fields to the world's top level. If all our people make unified efforts, our capacity for unification will be doubled and unification will be realized much sooner.

70 million compatriots at home and abroad,

A new world is opening up before our eyes.

In the coming 21st century we will stand tall and lead world efforts to achieve prosperity for humankind and peace.

Let us march together, shoulder to shoulder, for the true independence of our country. Let us achieve unification with our own hands. Let us forge a first-rate nation. Let us create the age of the Korean people. Thus, let us hand the glory of the Korean people, that our patriotic forefathers so ardently wished, to our descendants for generations to come.

Thank you.