

Testimony of Assistant Secretary Thomas M. Countryman on the President's Submission to the Congress of the Proposed Agreement for Cooperation Between the Government of the United States and the Government of the Republic of Korea Concerning Peaceful Uses of Nuclear Energy (123 Agreement)

Senate Foreign Relations Committee

October 1, 2015

Mr. Chairman and Ranking Member:

Good afternoon. It is a pleasure to testify before the Committee today regarding the President's submission of an Agreement for Peaceful Nuclear Cooperation between the United States and the Republic of Korea. As you know, the ROK is a key ally of the United States in East Asia, and this Agreement is an example of the increasing strength of our bilateral relationship. The Agreement will enhance the strategic relationship between the United States and the ROK across the spectrum of political, economic, energy, science, and technology issues. The United States and the ROK have had a strong partnership in the field of peaceful nuclear cooperation for more than half a century, and the United States is pleased that the ROK has become one of the world's leading nations in the development of peaceful uses of nuclear energy. The terms of the new U.S.-ROK 123 Agreement

strongly reaffirm the two governments' shared commitment to nonproliferation as the cornerstone of our nuclear cooperation relationship.

The ROK has a strong track record on and has consistently reiterated its commitment to nonproliferation. It has been an extremely active partner with the United States across a wide breadth of bilateral and multilateral activities designed to ensure the implementation of the highest standards of safety, security, and nonproliferation worldwide. I'd like to explain why the Administration believes it is in the best interests of the United States to continue our nuclear cooperation with the ROK.

Description of Agreement

I'd like to begin by thanking this Committee as well as our colleagues in the House Foreign Affairs Committee for your leadership and support in extending the prior 123 Agreement with the ROK for a period of two years until 2016. The authority to extend the agreement that you provided gave us the extra time we needed to work together with our ROK partners to achieve a balanced text that satisfies the needs of both governments.

As with all our 123 agreements, this Agreement is first and foremost an asset that advances U.S. nonproliferation policy objectives. The

President's transmittal of the Agreement, and the Nuclear Proliferation Assessment Statement that accompanied it, include a detailed description of the contents of the Agreement so I will not repeat that here, but the Agreement contains all the U.S. nonproliferation guaranties required by the Atomic Energy Act and common to 123 agreements, including conditions related to International Atomic Energy Agency (IAEA) safeguards, peaceful uses assurances, physical protection assurances, and U.S. consent rights on storage, retransfer, enrichment, and reprocessing of U.S.-obligated nuclear material. It also has an initial duration of twenty (20) years with one automatic five year extension.

A unique feature of the Agreement is the establishment of a new standing, High-Level Bilateral Commission for our two governments to work together to advance mutual nuclear cooperation objectives. The Commission will be led on our side by the Deputy Secretary of Energy and on the ROK side by a Vice Minister of Foreign Affairs. As described in the text of the Agreement, the Commission will consist of four working groups, one on spent fuel management, one on assuring a stable fuel supply globally, a third on nuclear security, and finally a working group to address the promotion of exports and export control cooperation. This new Commission

will allow for more regular interaction between our two governments on the state of nuclear energy in both countries. We expect these interactions to both deepen our bilateral nuclear cooperation relationship politically and to make further progress in tackling some of our shared challenges facing the future of the civil nuclear energy industry.

As you know, the United States and the ROK agreed to commence a ten year Joint Fuel Cycle Study in 2011 to explore strategies to address shared challenges. The Study is exploring the technical and economic feasibility and the nonproliferation acceptability of pyroprocessing and of other spent fuel management options. U.S. and ROK technical experts are working together to advance technical cooperation on the storage, transportation and disposal of spent nuclear fuel, and we expect the results of the Joint Study to inform the work of the High Level Bilateral Commission going forward. In addition to the cooperation to occur under the High Level Bilateral Commission and in the Joint Fuel Cycle Study, the Agreement also identifies other areas for future research and development collaboration, including nuclear safety, safeguards, radioactive waste management, and the development, construction, and operation of reactors.

As highlighted earlier, the Agreement clearly establishes U.S. consent rights on any future possible enrichment or reprocessing of U.S. obligated nuclear material. That said, it also contains a set of pathways toward possible U.S. Government decisions in the future on whether to grant advance consent to the ROK to enrich or reprocess U.S. obligated nuclear material. Through the High Level Bilateral Commission, U.S. and ROK officials will evaluate the technical feasibility, economic viability, safeguardability, and nonproliferation acceptability of potential reprocessing techniques and enrichment options. Any advance consent would require satisfactory outcomes from those studies and subsequent written agreement between the parties. The Secretary of Energy would have the final authority to decide whether or not granting advance consent would significantly increase the risk of proliferation.

ROK as a Nonproliferation Partner

The ROK is one of the United States' strongest partners on and has consistently displayed its commitment to nuclear nonproliferation. It is a member of the four multilateral nonproliferation regimes - the Missile Technology Control Regime, Wassenaar Arrangement, Australia Group, and

Nuclear Suppliers Group. The ROK served as the Chair of the Nuclear Suppliers Group in 2003-2004, and is scheduled to do so again in 2016-2017. The ROK also recently completed its term as Chair of the Hague Code of Conduct Against Ballistic Missile Proliferation. The ROK became a State Party to the Treaty on the Non-Proliferation of Nuclear Weapons on April 23, 1975, and has in force a comprehensive safeguards agreement and Additional Protocol with the International Atomic Energy Agency (IAEA). The ROK has also demonstrated its commitment to nuclear security and addressing the threat of nuclear terrorism, including through hosting the 2012 Nuclear Security Summit and providing useful contributions to the development of a high-density low enriched uranium fuel. It has also been an active and positive contributor to the Summit process since its inception, as well as through its support for the Global Initiative to Combat Nuclear Terrorism and Global Partnership Against the Spread of Weapons and Materials of Mass Destruction. The ROK has ratified key nuclear conventions, including the International Convention for the Suppression of Acts of Nuclear Terrorism and the Amendment to the Convention on the Physical Protection of Nuclear Material. The ROK has been an active participant in the Proliferation Security Initiative (PSI) since 2009, having hosted regional and global meetings and two operational exercises. It has

also conducted outreach to states that have not yet endorsed PSI. The ROK has been a consistent advocate of nonproliferation in the IAEA Board of Governors, including support for strengthening safeguards in a variety of contexts. The ROK Foreign Minister has offered to chair the IAEA's 2016 Nuclear Security Conference. The ROK has also been a strong and close partner in addressing the threat posed by the Democratic People's Republic of Korea's (DPRK) nuclear and missile programs, including at the IAEA where it has joined the United States in addressing the DPRK's growing nuclear threat and holding the DPRK to its denuclearization commitments and obligations, and advocating for a continued strong role for the IAEA in the complete, verifiable, and irreversible denuclearization of the Korean Peninsula.

Economic and Political Benefits

In addition to the many nonproliferation benefits of continuing our nuclear cooperation with the ROK, the agreement allows for the continuation and expansion of our robust and mutually beneficial trade relationship. For example, the United States provides fuel supply services to the ROK, and the ROK supplies the United States with significant reactor components such as pressure vessels. Due to this trade relationship, the

2009 contract between the ROK and the United Arab Emirates to build four reactors has already brought hundreds of new jobs and approximately \$2 billion in additional revenue to U.S. nuclear suppliers, and the Agreement would allow this type of cooperation to continue and flourish in the future.

The ROK nuclear program owes much to the United States but has now emerged as a world leader in nuclear energy, nuclear nonproliferation, and nuclear security. The U.S.-ROK partnership in nuclear energy is emblematic of our broader partnership and a great asset in our own efforts in these areas.

Conclusion

In sum, we believe the nonproliferation and economic benefits of this agreement demonstrate that continuing nuclear cooperation with the ROK is in the best interests of the United States. The Agreement is one of the most sophisticated and dynamic peaceful nuclear cooperation agreements we've ever negotiated, which speaks to the state-of-the-art nature of the ROK's peaceful nuclear program and the many characteristics that our two nuclear programs share in common. Once it enters into force, this Agreement will

be a significant achievement for both our governments and provide a strong foundation for our shared peaceful nuclear cooperation and nonproliferation objectives for decades to come.

Mr. Chairman and Ranking Member, thank you.