



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 8.11.2006
COM(2006) 665 final

2006/0227 (CNS)

Proposal for a

COUNCIL DECISION

concerning conclusion on behalf of the European Community of a Framework Agreement on a Multilateral Nuclear Environmental Programme in the Russian Federation and of the

Protocol on Claims, Legal Proceedings and Indemnification to the Framework Agreement on a Multilateral Nuclear Environmental Programme in the Russian Federation

(presented by the Commission)

EXPLANATORY MEMORANDUM

Historical background : The situation in NW Russia

Russia's North West region is particularly endangered by the huge amounts of spent nuclear fuel and radioactive waste present there. The spent nuclear fuel (SNF) and radioactive waste in Russia originates from both past (historical waste) and present activities. The main sources are nuclear submarines. Others are civilian nuclear powered icebreakers, floating technical bases storing SNF, military and civilian nuclear research centres including reprocessing facilities and use of radionuclides in medicine, research and industry.

Two thirds of all Russian military vessels belong to the Northern Fleet. A total of 253 nuclear propelled military vessels were built during the period 1955-2001, of which 248 are submarines and the rest surface ships. About 180 of these vessels have been taken out of service, of which more than 110 are from the Northern Fleet. The vessels taken out of service from the Northern Fleet contain more than 200 nuclear reactors (most submarines have two reactors on board). Many still have SNF on board.

The submarines have been, and still are, refuelled and serviced at a number of naval bases located in bays along the Murmansk and Arkhangelsk coast. Many of these are no longer in use but still contain SNF and radioactive waste. The two former service bases containing the largest quantities of SNF and radioactive waste are at Andreeva Bay and, with smaller quantities, Gremikha Bay.

None of the naval bases has appropriate facilities for handling and storing the SNF and radioactive waste on site. There are large quantities of radioactive material at many bases. The existing stores are often full and some are already leaking radioactive material into the environment. Because the bases are located along the coast there is a significant risk of contamination of the sea.

The icebreakers in north-west Russia are operated by the Murmansk Shipping Company (MSCO), which is also responsible for refuelling and servicing them. The SNF is sent to Mayak for reprocessing and the radioactive waste is stored by MSCO.

The service ship *Lepse* – a floating technical base with severely damaged SNF from the decommissioned icebreaker *Lenin* on board - is docked in Murmansk harbour. The industry initiated a clean-up project but this was discontinued, primarily due to lack of financing. The *Lepse* belongs to the MSCO. It was built in 1936, sunk during World War Two and later refloated and used as a storage facility for spent nuclear fuel from icebreakers until 1981. The *Lepse* was also used to transport radioactive waste from Atomflot to the eastern part of Novaya Zemlya, where the waste was dumped into the ocean. The *Lepse* holds around 640 spent fuel assemblies transferred from the reactors on the nuclear powered icebreaker *Lenin* that was hit by an accident in 1966. Today the radiation from the storage section of the *Lepse* is far above acceptable norms.

The reaction of the international community: the MNEPR Framework Agreement

Given the overall scale of the problem, it became evident in the mid-'90s that internationally concerted bilateral and multilateral action was necessary and should concentrate on the most serious nuclear safety problems, notably in the areas of treatment and storage of radioactive waste and spent nuclear fuel. A Contact Expert Group (CEG) was established in 1996 under

the auspices of the IAEA to co-ordinate the international aid to Russia in the field of radioactive waste management. Its main objective was to identify the domains where international funding would help to reduce the radiological risks posed by unsafe management of spent nuclear fuel and radioactive waste in north-west Russia. The Commission and some of the Member States have been taking part in the CEG's work from the start.

Bilateral donors started to assist the Russian Federation with evaluating the situation and addressing the problem under a series of bilateral and multilateral framework agreements. The Commission supported a range of projects, feasibility analyses for the Gremikha and Andreeva Bay naval bases and a preliminary project on the *Lepse*, but there was a general understanding among the international community that only stronger and joint efforts could address the problems satisfactorily.

In response, on 5 March 1999 the participants (including Russia) at the Barents Euro-Arctic Council (BEAC) in Bodø (Norway) signed a declaration stating their intent to facilitate and broaden cooperation in the area of safety of spent nuclear fuel and radioactive waste management. They launched the "Multilateral Nuclear Environmental Programme in the Russian Federation" (MNEPR) and recommended early conclusion of a Framework Agreement on the MNEPR to overcome the obstacles to project implementation. The Framework Agreement included an additional protocol on claims, legal proceedings and indemnification. The Commission played an active part in the MNEPR talks and received a negotiating mandate from the Council in April 2000.

The negotiations to conclude the Framework Agreement extended from 2000 to 2003. The final text of the Framework Agreement was signed in Stockholm in May 2003 by the European Community, the European Atomic Energy Community, Belgium, Denmark, Finland, Germany, the Netherlands, Norway, the Russian Federation, Sweden and the United Kingdom. The USA signed the Framework Agreement, but not the Protocol. The original text was deposited at the OECD Nuclear Energy Agency in Paris and the Ministry of Foreign Affairs of the Russian Federation.

Although the MNEPR Framework Agreement could be applied on a provisional basis from the date of signature, it is subject to ratification, acceptance or approval by the Parties, as stated in Article 18 "Entry into force, duration, withdrawal and termination". All the EU Member States which have signed the Framework Agreement have now deposited their ratification instruments with the Depositories, the last one being the United Kingdom which ratified the Framework Agreement in April 2006. The European Community is now in a position to conclude the MNEPR Framework Agreement.

Conclusion

- 1) The Commission proposes that the Council adopts the attached proposal for a Decision concerning conclusion of a Framework Agreement on a Multilateral Nuclear Environmental Programme in the Russian Federation and of the Protocol on Claims, Legal Proceedings and Indemnification to the Framework Agreement on a Multilateral Nuclear Environmental Programme in the Russian Federation.
- 2) The Commission hereby informs the Council of conclusion on behalf of the European Atomic Energy Community of a Framework Agreement on a Multilateral Nuclear Environmental Programme in the Russian Federation and of the Protocol on Claims, Legal Proceedings and Indemnification.

Proposal for a

COUNCIL DECISION

concerning conclusion on behalf of the European Community of a Framework Agreement on a Multilateral Nuclear Environmental Programme in the Russian Federation and of the

Protocol on Claims, Legal Proceedings and Indemnification to the Framework Agreement on a Multilateral Nuclear Environmental Programme in the Russian Federation

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 181a (3) in conjunction with Article 300 (2) 1st sentence thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Parliament²,

Whereas:

- (1) A Framework Agreement on a Multilateral Nuclear Environmental Programme in the Russian Federation (MNEPR) and the Protocol on Claims, Legal Proceedings and Indemnification to the Framework Agreement on a MNEPR were signed in Stockholm on 21 May 2003.
- (2) The Framework Agreement was signed by the European Community, the European Atomic Energy Community, Norway, Sweden, Denmark, Finland, Belgium, France, Germany, the United Kingdom, the Netherlands and Russia.
- (3) The MNEPR Framework Agreement establishes a multilateral legal framework for nuclear-related projects carried out by western countries in north-west Russia, and the Protocol on Claims, Legal Proceedings and Indemnification aims to settle liability issues arising from activities undertaken in this context.
- (4) The MNEPR is designed to facilitate projects addressing problems regarding radioactive waste and spent nuclear fuel, decommissioning of nuclear submarines and icebreakers in the Russian Federation. It is focusing initially on the north-west region, but the Framework Agreement states that the MNEPR may also apply to projects or

¹ OJ C , , p. .

² OJ C , , p. .

any other form of cooperation in other areas of nuclear activities, including nuclear safety, if so agreed by the Parties concerned.

- (5) The present bilateral Memorandum of Understanding signed between the European Commission on behalf of the Communities and the Russian Federation in 1995, covering the implementation of the Technical Assistance Programmes in the Field of Nuclear Safety and which address nuclear liability issues will not be applicable to projects under the new Instrument for Nuclear Safety Cooperation.
- (6) All the EU Member States which have signed the Framework Agreement have now deposited their ratification instruments with the Depositories, the last one being the United Kingdom which ratified the Framework Agreement in April 2006.
- (7) The European Community is now in a position to conclude the MNEPR Framework Agreement.

HAS ADOPTED THIS DECISION:

Article 1

1. The Framework Agreement on a Multilateral Nuclear Environmental Programme in the Russian Federation and the additional Protocol on Claims, Legal Proceedings and Indemnification to the Framework Agreement on a Multilateral Nuclear Environmental Programme in the Russian Federation are hereby concluded on behalf of the European Community.
2. The text of the Framework Agreement and the additional Protocol are attached to this decision.

Article 2

The President of the Council is hereby authorised to designate the person(s) empowered to deposit the instrument of conclusion with the Secretary General of the Organisation for Economic Co-operation and Development in accordance with Articles 17 and 18 of the MNEPR Agreement.

Article 3

The decision shall be published in the *Official Journal of the European Union*.

This Decision is addressed to the Member States.

Done at Brussels,

*For the Council
The President*

ANNEX

FRAMEWORK AGREEMENT

ON A MULTILATERAL NUCLEAR ENVIRONMENTAL PROGRAMME

IN THE RUSSIAN FEDERATION

The Government of the Kingdom of Belgium, the Government of the Kingdom of Denmark, the Government of the Republic of Finland, the Government of the French Republic, the Government of the Federal Republic of Germany, the Government of the Kingdom of the Netherlands, the Government of the Kingdom of Norway, the Government of the Russian Federation, the Government of the Kingdom of Sweden, the Government of the United Kingdom of Great Britain and Northern Ireland, the Government of the United States of America, the European Community, and the European Atomic Energy Community (hereinafter referred to as the Parties),

Noting the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management of 5 September 1997 (hereinafter referred to as the “Joint Convention”);

Noting that the Joint Convention stipulates that spent fuel and radioactive waste within military or defence programmes should be managed in accordance with the objectives stated in that Convention even though they are excluded from it except as provided in Article 3 thereof;

Noting also the Convention on Nuclear Safety of 17 June 1994;

Recalling the importance the Joint Convention attaches to international co-operation in enhancing the safety of spent fuel and radioactive waste management through bilateral and multilateral mechanisms;

Reaffirming the importance the Parties attach to the principles embodied in relevant international conventions on nuclear liability for the provision of international assistance in this field;

Recognising the work of the Contact Expert Group for International Radwaste Projects established under the auspices of the International Atomic Energy Agency to deal with issues regarding international co-operation in radioactive waste management and related issues in the Russian Federation, and its contribution to the development of a comprehensive International Action Plan;

Desiring to facilitate practical co-operation to enhance the safety of spent fuel and radioactive waste management in the Russian Federation, in particular through the implementation of projects in the Russian Federation that may be identified by the Contact Expert Group for International Radwaste Projects;

Recalling the Declaration of Principles by members and observers of the Barents Euro-Arctic Council representing Denmark, Finland, France, Germany, Iceland, Italy, the Netherlands, Norway, Poland, the Russian Federation Sweden, the United Kingdom and the United States regarding the Multilateral Nuclear Environmental Programme in the Russian Federation

signed at Bodø (Norway) on 5 March 1999 in which the participants declared their readiness to negotiate a multilateral Framework Agreement covering the necessary conditions for the provision of international assistance in this field;

Have agreed as follows:

Article 1

**Multilateral Nuclear Environmental Programme
in the Russian Federation (MNEPR)**

1. The Parties hereby establish a framework to facilitate co-operation in the area of safety of spent nuclear fuel and radioactive waste management in the Russian Federation. This framework shall be referred to as the “Multilateral Nuclear Environmental Programme in the Russian Federation” (MNEPR). The MNEPR shall apply to projects undertaken between Contributors and Recipients or any other form of co-operation agreed by them. It may also apply to projects or any other form of co-operation in other areas of nuclear activities, including nuclear safety, if so agreed by the Parties concerned.
2. The Parties shall seek to avoid duplication of Assistance activities and to ensure that such activities are complementary to activities under other multilateral or bilateral funds, agreements, mechanisms or arrangements.

Article 2

Definitions

For the purposes of this Agreement the following terms shall have the following meanings:

Technical aid (assistance): Any form of gratuitous aid and/or contribution provided under this Agreement or under any Implementing Agreement, or otherwise agreed to by the Russian Party and the Contributing Party or Parties (hereinafter referred to as “Assistance”).

Contributor: Any Party other than the Russian Party or any entity authorized by such Party to provide Assistance under the MNEPR.

Recipient: The Russian Party or any other Russian entity authorized by the Russian Party to serve as beneficiary of Assistance and partner for the realization of a project under the MNEPR.

Implementing Agreement: An agreement between one or more Recipients and one or more Contributors for the provision of Assistance for the realization of a project under the MNEPR.

Article 3

Modes of co-operation under the MNEPR

1. Assistance under the MNEPR may be provided through:
 - (a) Implementing Agreements between one or more Recipients and any one of the Contributors (Bilateral mode);

- (b) Implementing Agreements between one or more Recipients and several Contributors whereby a common financing arrangement will not be established (Multilateral simple mode);
 - (c) Implementing Agreements between one or more Recipients and several Contributors whereby a common financing arrangement will be established (Multilateral funding mode); or
 - (d) any other mechanism agreed by the Recipient(s) and Contributor(s) concerned.
2. Except as otherwise provided in this Agreement, the terms and conditions of this Agreement shall apply to all Assistance provided under paragraph 1 of this Article. The provisions of this Agreement may also apply to activities undertaken before its entry into force if so agreed by the Parties involved in those activities.
 3. The provision of Assistance by the Contributors under this Agreement shall be subject to the availability of appropriated funds.

Article 4

MNEPR Committee

1. To facilitate co-operation and to exchange information under the MNEPR, the Parties hereby establish the MNEPR Committee. The MNEPR Committee shall be composed of one authorized official/governmental representative of each of the Parties, who shall also serve as a contact point for all questions of relevance to the MNEPR.
2. The MNEPR Committee may:
 - discuss the development and implementation of projects and any other form of co-operation under this Agreement;
 - discuss relevant activities under other bilateral or multilateral agreements or arrangements;
 - co-ordinate funding for projects under Article 3.1 (c);
 - identify obstacles and problems encountered in the implementation of projects, and make recommendations regarding their resolution;
 - establish working groups as required for the functioning of the MNEPR Committee;
 - discuss and make recommendations on other matters relevant to the operation of MNEPR activities;and

- invite States, intergovernmental organisations or regional economic integration organisations being subject to public international law to accede in accordance with Article 16.
3. The MNEPR Committee shall adopt its Rules of Procedure.
 4. The MNEPR Committee shall elect two co-chairpersons for twelve-month periods from among representatives of the Parties, one from among the Contributing Parties and one representing the Russian Party.
 5. The MNEPR Committee may decide to admit as Observers any interested State, inter-governmental organisation or regional economic integration organisation being subject to public international law not party to this Agreement. Where a Co-ordinator has been designated according to Article 5, that Co-ordinator shall be admitted as an Observer to meetings of the MNEPR Committee, where relevant.
 6. Decisions and recommendations of the MNEPR Committee shall be made by consensus.

Article 5

Co-ordinator of multilateral funding under the MNEPR

1. The Contributing Parties to a common financing arrangement, as referred to in Article 3.1(c), may designate a Co-ordinator for such an arrangement.
2. The rights and obligations of the Contributing Parties under this Agreement apply equally to the Coordinator where the Co-ordinator performs activities on behalf of the Contributors.

Article 6

Specific undertakings

1. The Parties shall promote activities necessary for the implementation of projects under the MNEPR.
2. The Russian Party shall ensure the prompt issuance of, inter alia, licences, permits, approvals and the prompt customs clearances necessary for the efficient implementation of projects. The Russian Party shall ensure the provision of data and information necessary for the implementation of specific projects within the framework of this Agreement. The Russian Party shall grant access to sites and facilities necessary for the implementation of specific projects within the framework of this Agreement. Should such access be restricted according to the provisions of the legislation of the Russian Federation, mutually acceptable procedures shall be developed in the Implementing Agreements. The Implementing Agreements shall also define the procedures for, and the scope of, the information to be transferred.

3. The provision of Assistance shall be complemented by Russian resources. Such resources may be contributed in-kind or otherwise for the implementation of projects under the MNEPR.

Article 7

Claims, legal proceedings and indemnification

1. This Agreement is supplemented by a Protocol containing provisions on claims, legal proceedings and indemnification in respect of claims against Contributors and their personnel or contractors, subcontractors, consultants, suppliers or sub-suppliers of equipment, goods and services at any tier and their personnel, for any loss or damage of whatsoever nature arising from activities undertaken pursuant to this Agreement.
2. The Protocol and its Annex shall not apply to any Party that does not become a party to the Protocol.
3. Any Party that does not become a party to the Protocol may conclude with the Russian Party a separate agreement covering claims, legal proceedings and indemnification in respect of claims for any loss or damage of whatsoever nature arising from activities undertaken pursuant to this Agreement.

Article 8

Use and retransfer of Assistance

1. Unless the written consent of the Contributor has first been obtained, the Recipient shall not transfer title to, or possession of, any Assistance provided pursuant to this Agreement to any entity, other than an officer, employee or agent of that Contributor or that Recipient and shall not permit the use of such Assistance for purposes other than those for which it has been furnished.
2. The Russian Party shall take all reasonable measures within its power to ensure the security of, ensure the appropriate use of, and prevent the unauthorized transfer of Assistance provided pursuant to this Agreement.

Article 9

Exemption from taxes or similar charges

1. The Russian Party shall exempt Assistance provided under this Agreement from customs duties, profits taxes, other taxes and similar charges. The Russian Party shall take all necessary steps to ensure that no local or regional taxes are levied on Assistance provided under this Agreement. These steps will include the provision of letters from competent local and/or regional authorities confirming that no taxes will be levied on Assistance provided under this Agreement. Such letters of confirmation covering localities and regions where projects under this Agreement will be carried out shall be deposited with at least one of the Depositaries before the start of implementation of the projects.

2. The Russian Party shall exempt remuneration to foreign natural persons and to Russian citizens not ordinarily resident in the Russian Federation for work undertaken and services performed by such persons for the implementation of Assistance under this Agreement from income tax, social security tax contributions, and similar charges within the territory of the Russian Federation. With regard to remuneration exempted by this paragraph, the Russian Party shall not have any obligations in terms of any charges and payments to the persons indicated in this paragraph, at the expense of the social security system or any other government funds.
3. The Contributing Parties and their personnel, their contractors, subcontractors, suppliers and sub-suppliers may import into, and export out of, the Russian Federation equipment, supplies, materials or services required to implement this Agreement. In addition to the provisions regarding Assistance, temporary importation and exportation shall not be subject to customs duties, license fees, undue restrictions, taxes or similar charges.
4. In addition to the preceding paragraphs, persons and entities participating in the implementation of the programmes in the framework of this Agreement within the territory of the Russian Federation are entitled to exemption from value added tax and other charges with regard to equipment and goods purchased within the territory of the Russian Federation for the implementation of the projects or the programmes in the framework of this Agreement, as well as works done and services rendered within the territory of the Russian Federation.
5. Imposition of taxation shall be regarded as a valid reason for suspension or termination of an Assistance project, or not to initiate an Assistance project.
6. The Russian Party shall be responsible for procedures ensuring the implementation of this Article. Necessary certificates shall be issued by the relevant competent authority.

Article 10

Accounts, audits and examinations

1. Each Recipient shall maintain proper accounts of all Assistance funding received from Contributors, and furnish such accounts, together with full supporting documentation, to the Contributor or Contributors concerned at regular intervals, as specified in the relevant Implementing Agreement or as otherwise agreed.
2. Upon request, representatives of a Contributor shall have the right, within sixty days of making the request, to examine the use of any Assistance provided by that Contributor in accordance with this Agreement, at sites of their location or use if possible, and shall have the right to audit and examine any and all related records or documentation for a period of seven years after the completion or early termination of the project in question, unless another period is specified in the Implementing Agreement. The practical details of such audits and examinations shall be set out in the Implementing Agreements.

Article 11

Intellectual property

The Parties shall provide in Implementing Agreements, as appropriate, effective protection and allocation of rights to intellectual property transmitted or created under this Agreement.

Article 12

Status of personnel and entry and exit of personnel

1. The Russian Party shall facilitate the entry and exit of employees of the Contributing Parties to this Agreement and their personnel and contractors, subcontractors, consultants, suppliers and subsuppliers and their personnel into and out of the territory of the Russian Federation for the purpose of carrying out activities in accordance with this Agreement.
2. The Russian Party shall accredit military and civilian personnel of the Contributing Parties, including employees of the Commission of the European Communities present in the territory of the Russian Federation in order to carry out activities related to the provision of Assistance under this Agreement, as administrative and technical personnel of the respective diplomatic missions, the mission of the Commission of the European Communities and the missions of intergovernmental organisations, in the Russian Federation. After entry into force of this Agreement, the Parties will consult on the number of such personnel covered by this paragraph. The accreditation of such personnel shall have no effect on the number of accredited personnel permitted at Russian diplomatic missions in the Contributing Parties.
3. The Russian Party guarantees that the contractors, subcontractors, consultants, suppliers, subsuppliers and their personnel as referred to in paragraph 1 of this Article may import and re-export out of the territory of the Russian Federation all of their personal household effects as well as foodstuffs for their personal use without being liable to any customs duties, taxes, or similar charges. Duty-free import into and re-export out of the Russian Federation of one motor vehicle per family is allowed, provided that the vehicle is used only within the period of the relevant contract and is re-exported at the end of this period.

Article 13

Settlement of disputes

Any disagreement between two or more Parties concerning the interpretation of this Agreement, or its implementation, shall be resolved through consultations. Consultations shall take place not later than three months after one of the Parties submits such a request in writing to the other Party or Parties.

Article 14

Awarding of contracts

In the event that a Party awards a contract for the acquisition of goods and services, including construction, to implement this Agreement, such contracts shall be awarded in accordance with the laws and regulations of that Party, or such other laws and regulations as that Party may choose. Russian companies can also be used as contractors or subcontractors.

Article 15

Modifications and amendments

1. Any modification or amendment to this Agreement, and any additional protocol to it, may be made by agreement among the Parties to this Agreement.
2. Any modification or amendment made pursuant to this Article shall be subject to ratification, acceptance or approval by all of the Parties. Modifications or amendments shall enter into force for all Parties thirty days following the date of receipt by at least one of the Depositories of the last notification of ratification, acceptance or approval.

Article 16

Accession

1. This Agreement shall be open for accession by any State, inter-governmental organisation or regional economic integration organisation being subject to public international law upon invitation by the MNEPR Committee.
2. This Agreement shall enter into force for the acceding Party thirty days following the date of receipt by at least one of the Depositories of the acceding Party's instrument of accession and the last of the notifications by the Parties expressing concurrence.

Article 17

Depositaries

The Minister of Foreign Affairs of the Russian Federation and the Secretary General of the Organisation for Economic Co-operation and Development are hereby designated as Depositaries. The Depositaries shall fulfil their duties in accordance with Article 77 of the Vienna Convention on the Law of Treaties of 23 May 1969 and shall consult each other in the fulfilment of their duties.

Article 18

Entry into force, duration, withdrawal and termination

1. This Agreement shall be subject to ratification, acceptance or approval. Instruments of ratification, acceptance or approval shall be deposited with at least one of the Depositaries. It shall enter into force on the thirtieth day following the date of receipt of such instruments from the Russian Party and from one other Signatory, and shall remain in force for a period of five years from that date. For each Signatory depositing such an instrument thereafter, this Agreement shall enter into force for it thirty days following the receipt by at least one of the Depositaries of such instrument and shall remain in force until the expiration of its original five year period.
2. This Agreement shall be extended automatically for further periods of five years. Any Party may request at least one of the Depositaries at least ninety days before the expiration of the five year period to convene a meeting of the Parties to consider the termination, modification or amendment of this Agreement
3. Any Party may withdraw from this Agreement upon giving ninety days written notification to at least one of the Depositaries. The MNEPR Committee shall immediately be seized of the matter and shall make recommendations to the Parties on the further continuation of the Agreement.
4. The obligations under Articles 8 to 11, Article 12 first and third paragraphs, and Article 13 of this Agreement shall remain in effect regardless of any subsequent transfer of ownership of the object of co-operation, and regardless of any termination of, or withdrawal from, this Agreement, or the expiration of its validity.
5. Notwithstanding any termination of this Agreement, it shall continue to apply to any Implementing Agreement which the parties to such Implementing Agreement agree to continue, for the duration of such Implementing Agreement.
6. Where a Party withdraws from this Agreement but continues to be a Party to an Implementing Agreement, this Agreement shall continue to apply to such Party with respect to its participation in such Implementing Agreement.
7. This Agreement shall be applied on a provisional basis from the date of its signature.

Done at Stockholm on 21 May 2003 in the English, French and Russian languages, all texts being equally authentic, in two originals of which one shall be deposited in the archives of the Ministry of Foreign Affairs of the Russian Federation and one in the archives of the Organisation for Economic Co-operation and Development. Duly certified copies of this Agreement shall be transmitted to the Signatories and acceding Parties. In the event of any dispute or divergence in relation to this Agreement the English text shall prevail for the purposes of interpretation.

**PROTOCOL ON CLAIMS, LEGAL PROCEEDINGS
AND INDEMNIFICATION**

To the

Framework Agreement

On a Multilateral Nuclear Environmental Programme

in the Russian Federation

The Government of the Kingdom of Belgium, the Government of the Kingdom of Denmark, the Government of the Republic of Finland, the Government of the French Republic, the Government of the Federal Republic of Germany, the Government of the Kingdom of the Netherlands, the Government of the Kingdom of Norway, the Government of the Russian Federation, the Government of the Kingdom of Sweden, the Government of the United Kingdom of Great Britain and Northern Ireland, the European Community, and the European Atomic Energy Community (hereinafter referred to as the Parties),

Reaffirming their commitment to achieving the purposes of the Framework Agreement on a Multilateral Nuclear Environmental Programme in the Russian Federation signed on 21 May 2003 (hereinafter referred to as “the Agreement”);

Convinced of the need to establish provisions ensuring that claims against the Contributing Parties and their personnel or contractors, subcontractors, consultants, suppliers or sub-suppliers of equipment, goods or services at any tier and their personnel, for any loss or damage of whatsoever nature arising from activities undertaken pursuant to the Agreement are not brought by the Russian Party and, if brought by a third party, are indemnified by the Russian Party;

Have agreed as follows:

Article 1

1. The definitions contained in Article 2 of the Agreement shall apply to this Protocol as fully and effectively as if they were set forth in full herein.
2. For the purposes of this Protocol, the following terms shall have the following meanings:

Nuclear Incident: Any occurrence or series of occurrences having the same origin which causes Nuclear Damage.

Nuclear Damage: (i) loss of life, any personal injury or any loss of, or damage to, property which arises out of or results from the radioactive properties or a combination of radioactive properties with toxic, explosive or other hazardous properties of nuclear fuel or radioactive products or waste in, or of nuclear material coming from, originating in, or sent to, a nuclear installation;

(ii) any other loss or damage so arising or resulting if and to the extent that the law of the competent court so provides; and

(iii) if the law of the State in which the nuclear installation of the liable operator is situated so provides, loss of life, any personal injury or any loss of, or damage to, property which arises out of or results from other ionising radiation emitted by any other source of radiation inside a nuclear installation.

3. For the purposes of this Protocol, whenever both Nuclear Damage and damage other than Nuclear Damage have been caused by a Nuclear Incident, or jointly by a Nuclear Incident and one or more other occurrences, such other damage shall, to the extent that it is not reasonably separable from the Nuclear Damage, be deemed, for the purposes of this Protocol, to be Nuclear Damage caused by that Nuclear Incident.

Article 2

1. With the exception of claims for injury or damage against individuals arising from omissions or acts of such individuals done with intent to cause injury or damage, the Russian Party shall bring no claims or legal proceedings of any kind against the Contributors and their personnel or contractors, subcontractors, consultants, suppliers or subsuppliers of equipment, goods or services at any tier and their personnel, for any loss or damage of whatsoever nature, including but not limited to personal injury, loss of life, direct, indirect and consequential damage to property owned by the Russian Federation arising from activities undertaken pursuant to the Agreement. This paragraph shall not apply to the enforcement of the express provisions of a contract.
2. With the exception of claims for Nuclear Damage against individuals arising from omissions or acts of such individuals done with intent to cause damage, the Russian Party shall provide for the adequate legal defence of and indemnify, and shall bring no claims or legal proceedings against the Contributors and their personnel, or any contractors, subcontractors, consultants, suppliers, or subsuppliers of equipment, goods or services at any tier and their personnel in connection with third-party claims, in any court or forum, arising from activities undertaken pursuant to the Agreement, for Nuclear Damage occurring within or outside the territory of the Russian Federation, that results from a Nuclear Incident occurring within the territory of the Russian Federation.
3. Upon request by a Party, the Russian Party or its authorized representative shall issue an indemnity confirmation letter to any contractor, subcontractor, consultant, supplier or subsupplier confirming the provisions of this Protocol. A standard form of such Indemnity Confirmation Letter is enclosed as an integral part of this Protocol.
4. The Parties may consult as appropriate, on claims and proceedings under this Article.
5. Any payments related to the indemnification in paragraph 2 of this Article shall be made promptly and shall be freely transferable to the beneficiary in its national currency.

6. Contributors, contractors, subcontractors, consultants, suppliers or subsuppliers of equipment, goods or services at any tier and their personnel may refer any dispute concerning the implementation of obligations under this Article to arbitration in accordance with UNCITRAL Arbitration Rules, if such dispute has not been resolved amicably within ninety days of its submission to the Russian Party. Any arbitration award shall be final and binding on the parties to the dispute.
7. Nothing in this Article shall be construed as acknowledging the jurisdiction of any court or forum outside the Russian Federation over third-party claims to which paragraph 2 of this Article applies, except as provided for in paragraph 6 of this Article and in any other case where the Russian Federation has pledged itself to acknowledge and execute a legal decision on the basis of provisions of international agreements.
8. Nothing in this Article shall be construed as waiving the immunity of the Parties with respect to potential third-party claims that may be brought against any of them.

Article 3

1. This Protocol is open for signature by any Signatory to the Agreement.
2. This Protocol is subject to ratification, acceptance or approval by Signatories that are Parties to the Agreement. Instruments of ratification, acceptance or approval shall be deposited with at least one of the Depositaries of the Agreement.
3. This Protocol shall be open to accession by any Party that has acceded to the Agreement.
4. Accession shall be effected by the deposit of an instrument of accession with at least one of the Depositaries of the Agreement.
5. The Depositaries of this Protocol shall be the Depositaries of the Agreement and shall fulfil their duties in accordance with Article 77 of the Vienna Convention on the Law of Treaties of 23 May 1969 and shall consult each other in the fulfilment of their duties.

Article 4

1. Subject to the entry into force of the Agreement, this Protocol shall enter into force on the thirtieth day following the date of receipt by at least one of the Depositaries of the instruments of ratification, acceptance or approval referred to in Article 3.2 from the Russian Federation and from any other Signatory to this Protocol and it shall remain in force for a period of five years from that date. For each Signatory ratifying, accepting or approving thereafter, this Protocol shall enter into force for it on the thirtieth day following the receipt by at least one of the Depositaries of the instruments of ratification, acceptance or approval referred to in Article 3.2 and it shall remain in force until the expiration of its original five year period.
2. For each Party acceding to this Protocol, it shall enter into force for it thirty days following the receipt by at least one of the Depositaries of the instrument of

accession referred to in Article 3.4 and it shall remain in force until the expiration of the original five year period mentioned in paragraph 1 of this Article.

3. This Protocol shall be extended automatically for further periods of five years. Any Party may request at least one of the Depositaries, at least ninety days before the expiration of the five year period, to convene a meeting of the Parties to consider the continuation, modification or amendment of this Protocol.
4. Any Party may withdraw from this Protocol upon giving ninety days written notification to at least one of the Depositaries. The MNEPR Committee shall immediately be seized of the matter and shall make recommendations to the Parties on the further continuation of this Protocol and the Agreement.
5. The obligations under this Protocol shall remain in effect regardless of any subsequent transfer of ownership of the object of co-operation, and regardless of any termination of, or withdrawal from, this Protocol or the Agreement, or the expiration of their validity.
6.
 - (a) Notwithstanding any termination of this Protocol, it shall continue to apply to any Implementing Agreement which the Parties to such Implementing Agreement agree to continue, for the duration of such Implementing Agreement.
 - (b) Where a Party withdraws from this Protocol but continues to be a Party to an Implementing Agreement, this Protocol shall continue to apply to such Party with respect to its participation in such Implementing Agreement.
7. Where,
 - (a) the Vienna Convention on Civil Liability for Nuclear Damage of 21 May 1963 (hereinafter referred to as “the Vienna Convention”) and the Joint Protocol relating to the Application of the Vienna Convention and the Paris Convention of 21 September 1988 (hereinafter referred to as “the Joint Protocol”) have both come into force for the Russian Federation, and
 - (b) the Vienna Convention or the Paris Convention on Third Party Liability in the Field of Nuclear Energy of 29 July 1960 and the Joint Protocol have both come into force for any other Party to this Protocol, such other Party may, in its discretion and by notice in writing to the Russian Federation, terminate the application of Article 2.2 of this Protocol as between it and the Russian Federation with respect to any activity undertaken pursuant to the Agreement to which these instruments apply. The Russian Federation and such other Party shall each inform the other in writing of the dates upon which such instruments come into force in their respective territories.
8. This Protocol shall be applied on a provisional basis from the date of its signature.

Done at Stockholm on 21 May 2003 in the English, French and Russian languages, all texts being equally authentic, in two originals of which one shall be deposited in the archives of the Ministry of Foreign Affairs of the Russian Federation and one in the archives of the Organisation for Economic Co-operation and Development. Duly certified copies of this

Protocol shall be transmitted to the Signatories and acceding Parties. In the event of any dispute or divergence in relation to this Protocol the English text shall prevail for the purposes of interpretation.

Annex

Model of an INDEMNITY CONFIRMATION LETTER

to be provided by The Ministry of the Russian Federation for Atomic Energy

to [Contractor]³

Dear Sirs,

The Government of the Russian Federation and [name of other Party] are Parties to the Framework Agreement on a Multilateral Nuclear Environmental Programme in the Russian Federation (hereinafter referred to as “the MNEPR Agreement”) of 21 May 2003 to facilitate co-operation in the area of safety of spent nuclear fuel and radioactive waste in the Russian Federation. They are also Parties to the Protocol to the MNEPR Agreement on Claims, Legal Proceedings and Indemnification of 21 May 2003 (hereinafter referred to as “the Protocol”).

The Ministry of the Russian Federation for Atomic Energy, acting on behalf of the Government of the Russian Federation, hereby acknowledges that [Contractor] has entered into an [Implementing Agreement/Agreement/Contract] with [Recipient] on [date] to provide Assistance for the implementation of the MNEPR Project known as [Project name]. The persons and entities identified in the attached list are the [Contractor’s] personnel, subcontractors, suppliers, subsuppliers and consultants who will be providing equipment, goods or services pursuant to the [Implementing Agreement/Agreement/Contract]. [Contractor] may amend this list, from time to time, upon notification to the Ministry of the Russian Federation for Atomic Energy or its authorized representative for the implementation of the [Project name].

The Ministry of the Russian Federation for Atomic Energy, acting on behalf of the Government of the

Russian Federation, confirms that in accordance with Articles 2.1 and 2.2 of the Protocol,

- a) with the exception of claims for injury or damage against individuals arising from omissions or acts of such individuals done with intent to cause injury or damage, it will bring no claims or legal proceedings of any kind against [Contractor] and its personnel or subcontractors, consultants, suppliers or subsuppliers of equipment, goods or services at any tier and their personnel identified in the attached list as amended from time to time, for any loss or damage of whatsoever nature, including but not limited to personal injury, loss of life, direct, indirect and consequential damage to property owned by the Russian Federation arising from activities undertaken pursuant to the MNEPR Agreement, it being agreed that this paragraph shall not apply to the enforcement of the express provisions of a contract; and
- b) with the exception of claims for Nuclear Damage against individuals arising from omissions or acts of such individuals done with intent to cause damage, it

³ It may be useful to provide that a copy of the letter also be sent to the Government of the country in which the Contractor carries on business

shall provide for the adequate legal defence of, and indemnify, and shall bring no claims or legal proceedings against [Contractor] and its personnel or any subcontractors, consultants, suppliers, or subsuppliers of equipment, goods or services at any tier and their personnel identified in the attached list as amended from time to time, in connection with third-party claims, in any court or forum, arising from activities undertaken pursuant to the MNEPR Agreement, for Nuclear Damage occurring within or outside the territory of the Russian Federation, that results from a Nuclear Incident occurring within the territory of the Russian Federation.

The Ministry of the Russian Federation for Atomic Energy, acting on behalf of the Government of the Russian Federation, agrees that any dispute, controversy or claim arising out of or relating to this Indemnity Confirmation Letter, including its existence or validity, shall be referred to and finally resolved by arbitration in accordance with UNCITRAL Arbitration Rules if such dispute has not been resolved amicably within ninety days of its submission to the Government of the Russian Federation for resolution. The appointing authority for the purposes of the UNCITRAL Arbitration Rules shall be the Stockholm Chamber of Commerce. The place of arbitration shall be the Arbitration Institute of the Stockholm Chamber of Commerce, Stockholm, Sweden and Swedish law shall apply. Where the UNCITRAL Arbitration Rules do not provide for a particular situation the arbitration tribunal shall determine the course of action to be followed.

This Indemnity Confirmation Letter shall enter into force upon signature by the Ministry of the Russian Federation for Atomic Energy, acting on behalf of the Government of the Russian Federation, and it shall remain in effect in accordance with the MNEPR Agreement and the Protocol.

(Signature) (Title)

(Authorised representative of the Ministry of the Russian Federation for Atomic Energy)

(Date)