

TO AUTHORIZE THE PRESIDENT TO EXTEND THE TERM OF THE AGREEMENT FOR COOPERATION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF KOREA CONCERNING CIVIL USES OF NUCLEAR ENERGY FOR A PERIOD NOT TO EXCEED MARCH 19, 2016

SEPTEMBER 17, 2013.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROYCE, from the Committee on Foreign Affairs,
submitted the following

R E P O R T

[To accompany H.R. 2449]

[Including cost estimate of the Congressional Budget Office]

The Committee on Foreign Affairs, to whom was referred the bill (H.R. 2449) to authorize the President to extend the term of the Agreement for Cooperation between the Government of the United States of America and the Government of the Republic of Korea Concerning Civil Uses of Nuclear Energy for a period not to exceed March 19, 2016, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

TABLE OF CONTENTS

	Page
Background and Need for Legislation	2
Hearings	2
Committee Consideration	3
Committee Oversight Findings	3
New Budget Authority, Tax Expenditures, and Federal Mandates	3
Congressional Budget Office Cost Estimate	3
Directed Rule Making	4
Non-Duplication of Federal Programs	4
General Performance Goals and Objectives	4
Congressional Accountability Act	4
New Advisory Committees	5
Earmark Identification	5
Agency Views	5

BACKGROUND AND NEED FOR LEGISLATION

A prerequisite for virtually all nuclear cooperation between the U.S. and another country, especially commercial activity, is a civil nuclear cooperation agreement, as specified by the Atomic Energy Act of 1954 (AEA). Also known as a “123 agreement” after the relevant section of the AEA, these agreements must meet the list of requirements specified in the Act, which focus on preventing any cooperation from knowingly or inadvertently assisting nuclear proliferation.

The first civil nuclear cooperation agreement between the United States and South Korea was concluded in 1972 for a period of 30 years. It was subsequently amended in 1974 with a new expiration date of March 19, 2014. Since that time, an extensive nuclear industry has been established in South Korea, which is heavily dependent on U.S.-origin equipment, technology, and services.

Negotiations for a new agreement began in 2010, but differences in the two countries’ positions have slowed progress. The most contentious issue in the negotiations is South Korea’s position that the text include permission to alter U.S.-origin nuclear fuel, a term which can include enriching uranium and reprocessing spent nuclear fuel to extract plutonium (ENR). This general grant of permission is known as “advance consent” or “programmatic approval.” South Korea’s interest in obtaining this new provision stems from its development of ENR technology termed “pyroprocessing.” In 2011, the U.S. and South Korea began a joint 10-year study of the feasibility of this technology.

Given the lengthy period mandated by the AEA for Congressional consideration of civil nuclear cooperation agreements subsequent to their having been formally submitted by the President, insufficient time remains for the finalization of a replacement for the existing agreement prior to its expiration. A lapse would prevent U.S. businesses from exporting any nuclear-related goods or services to South Korea and might also result in significant problems arising in U.S. relations with South Korea, a key economic and security ally. To avoid this negative scenario, the two countries have agreed to extend the existing agreement for two years to enable the ongoing negotiations to continue.

H.R. 2449 authorizes the President to extend the existing agreement for two years until March 19, 2016. It makes no other change to the existing agreement.

HEARINGS

On June 27, 2013, the Subcommittee on Asia and the Pacific and the Subcommittee on Terrorism, Nonproliferation, and Trade held a joint hearing to consider H.R. 2449 and related issues, entitled “Next Steps in the U.S.—Republic of Korea Alliance.” Witnesses included: Mr. James P. Zumwalt, Acting Assistant Secretary, Bureau of East Asian and Pacific Affairs, U.S. Department of State; and Hon. Thomas M. Countryman, Assistant Secretary, Bureau of International Security and Nonproliferation, U.S. Department of State.

COMMITTEE CONSIDERATION

On July 24, 2013, the Foreign Affairs Committee marked up the bill H.R. 2449, pursuant to notice, in open session. H.R. 2449, as introduced, was adopted by voice vote and, by unanimous consent, was ordered favorably reported to the House.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of House Rule XIII, the Committee reports that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of House Rule X, are incorporated in the “Background and Need for Legislation” section of this report.

NEW BUDGET AUTHORITY, TAX EXPENDITURES, AND FEDERAL MANDATES

In compliance with clause 3(c)(2) of House Rule XIII and the Unfunded Mandates Reform Act (P.L. 104–4), the Committee adopts as its own the estimate of new budget authority, entitlement authority, tax expenditures or revenues, and Federal mandates contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 30, 2013.

Hon. EDWARD R. ROYCE, *Chairman,*
Committee on Foreign Affairs,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2449, a bill to authorize the President to extend the term of the Agreement for Cooperation between the Government of the United States of America and the Government of the Republic of Korea Concerning Civil Uses of Nuclear Energy for a period not to exceed March 19, 2016.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Raymond J. Hall, who can be reached at 226–2840.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure

cc: Honorable Eliot L. Engel
Ranking Member

H.R. 2449—A bill to authorize the President to extend the term of the Agreement for Cooperation between the Government of the United States of America and the Government of the Republic of Korea Concerning Civil Uses of Nuclear Energy for a period not to exceed March 19, 2016

As ordered reported by the House Committee on Foreign Affairs on July 24, 2013.

H.R. 2449 would authorize the President to extend the current nuclear cooperation agreement with the Republic of Korea for up to two years. That agreement is scheduled to expire in March of 2014. Under the Atomic Energy Act of 1954, such agreements are required for U.S. companies to be permitted to export commercial nuclear materials, technologies, and services to foreign nations. Extending the agreement would maintain ongoing civil nuclear cooperation with the Republic of Korea, and allow joint commercial activities to continue.

CBO estimates that the issuance of export licenses and continued certification and reporting requirements under the two-year extension would cost less than \$500,000 over the 2014–2018 period, subject to the availability of appropriated funds. Enacting H.R. 2449 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 2449 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Raymond J. Hall. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

DIRECTED RULE MAKING

Pursuant to clause 3(c) of House Rule XIII, as modified by section 3(k) of H.Res. 5 during the 113th Congress, the Committee notes that H.R. 2449 does not include any directed rule makings.

NON-DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c) of House Rule XIII, as modified by section 3(j)(2) of H.Res. 5 during the 113th Congress, the Committee states that H.R. 2449 does not establish or reauthorize a program of the Federal Government known to be duplicative of another Federal Program, and does not include any program listed in any report from the Government Accountability Office pursuant to section 21 of Public Law 111–139, or any program related to those listed in the most recent Catalog of Federal Domestic Assistance.

GENERAL PERFORMANCE GOALS AND OBJECTIVES

The goal of H.R. 2449 is to temporarily extend the current civil nuclear cooperation agreement between the United States and the Republic and Korea for an additional two years, to March 19, 2016.

CONGRESSIONAL ACCOUNTABILITY ACT

H.R. 2449 does not apply to the Legislative Branch.

NEW ADVISORY COMMITTEES

H.R. 2449 does not establish or authorize any new advisory committees.

EARMARK IDENTIFICATION

H.R. 2449 contains no congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clauses 9(e), 9(f), and 9(g) of House Rule XXI.

AGENCY VIEWS



United States Department of State

Washington, D.C. 20520

JUL 29 2013

Dear Mr. Chairman:

The Administration supports H.R. 2449, "To authorize the President to extend the term of the Agreement for Cooperation between the Government of the United States of America and the Government of the Republic of Korea Concerning Civil Uses of Nuclear Energy for a period not to exceed March 19, 2016." This bill would authorize the President to extend the current peaceful nuclear cooperation agreement with the Republic of Korea for up to two years, notwithstanding any other provision of law.

An extension would facilitate the efforts of both our governments to complete negotiation of a successor agreement for cooperation that promotes United States and ROK nonproliferation and civil nuclear cooperation objectives and priorities, and that meets our respective domestic requirements for an agreement for peaceful nuclear cooperation. An extension would also ensure there is no lapse in our ongoing civil nuclear cooperation, preserving stability and predictability in our joint commercial activities.

We appreciate the Committee's willingness to work with the Administration to achieve an extension of the existing agreement while we complete these negotiations with an important ally.

Sincerely,

A handwritten signature in dark ink, appearing to read "Thomas B. Gibbons".

Thomas B. Gibbons
Acting Assistant Secretary
Legislative Affairs

The Honorable
Edward R. Royce, Chairman,
Committee on Foreign Affairs,
House of Representatives.