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Supplementary Agreement

to the Agreement between the Government of the United
Kingdom of Great Britain and Northern Ireland and the
Government of the Russian Federation on Cooperation in the
Peaceful Uses of Nuclear Energy of 3 September 1996

London, 26 June 2003

[The Agreement entered into force on 07 April 2006]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
August 2006*

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**SUPPLEMENTARY AGREEMENT TO THE AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND AND THE GOVERNMENT OF THE
RUSSIAN FEDERATION ON COOPERATION IN THE PEACEFUL USES
OF NUCLEAR ENERGY OF 3 SEPTEMBER 1996**

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Russian Federation together hereinafter referred to as “the Parties”

Desiring to supplement the areas of cooperation implemented in the framework of the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Russian Federation on Cooperation in the Peaceful Uses of Nuclear Energy of 3 September 1996¹.

Have agreed as follows:

ARTICLE 1

1. The British Party shall render free technical assistance to the Russian Party in the form of financial means and associated services, equipment and material in order to contribute to an early, environmentally safe and cost-effective dismantling of Russian nuclear-powered submarines withdrawn from the Navy’s service in the northern region of the Russian Federation, including the management of spent nuclear fuel and radioactive waste which is formed thereby and in other areas of nuclear cooperation as provided for in Article 2.
2. The Russian Party shall use the free technical assistance provided by the British Party exclusively for the purposes listed in paragraph 1 of this Article.

ARTICLE 2

1. The Parties shall cooperate in the following areas:
 - a) Unloading spent nuclear fuel from reactors of nuclear submarines withdrawn from service with the Russian Navy;
 - b) Dismantling nuclear submarines withdrawn from service with the Russian Navy;
 - c) Management of spent nuclear fuel and radioactive waste and rehabilitation of radiation dangerous objects; and

¹ Treaty Series No. 107 (1996) Cm 3500

- d) other activities connected with the execution of the work referred to in paragraph 1(a), (b) and (c) of this Article.

2. If both Parties agree, other areas of cooperation may be added to those listed in paragraph 1 of this Article.

ARTICLE 3

1. The Executive Authorities responsible for the implementation of this Supplementary Agreement shall be:

for the Russian Party – the Ministry of the Russian Federation for Atomic Energy

for the British Party – the Department of Trade and Industry of the United Kingdom of Great Britain and Northern Ireland.

2. Fulfilment of the cooperation envisaged by this Supplementary Agreement shall be by means of specific arrangements, including contracts (hereinafter referred to as “Subsidiary Arrangements”), made between entities which are established in either of the two countries, whether companies, enterprises, research organisations, government bodies of either Party or any other juridical person or juridical body of persons (hereinafter referred to as “participants”).

3. The Subsidiary Arrangements referred to in paragraph 2 above are subject to approval by the Executive Authorities.

ARTICLE 4

1. A Coordination Committee shall be established by the Executive Authorities, which will be responsible for:

- a) reviewing progress with the implementation of this Supplementary Agreement.
- b) resolving any disputes which may arise in regard to this Supplementary Agreement.
- c) preparing when necessary recommendations on changes and additions to this Supplementary Agreement.

2. Each Party shall appoint a Co-Chairman to the Coordination Committee. Each Party shall inform the other Party in writing of the appointment of its Co-Chairman within 60 days of the entry into force of this Supplementary Agreement. The Coordination Committee will define its own rules and procedures. Decisions by the Coordination Committee shall be taken by agreement.

ARTICLE 5

Cooperation within the framework of this Supplementary Agreement shall be carried out in accordance with the laws and regulations of the Parties, as well as international agreements to which the United Kingdom of Great Britain and Northern Ireland and Russian Federation are parties and taking into account internationally recognised principles and recommendations for nuclear and radiation safety and environmental protection.

ARTICLE 6

1. The British Party shall according to established procedures provide financial means and associated services, equipment and material to Russian participants within the framework of this Supplementary Agreement in accordance with the provisions of the Subsidiary Arrangements.

2. The Russian participants shall receive the financial means and associated services, which are provided by the British Party in accordance with Article 1, paragraph 1 of this Supplementary Agreement according to procedures established in accordance with the laws and regulations of the Russian Federation and shall use them exclusively for the purposes specified in Article 1, paragraph 1, of this Supplementary Agreement.

3. The Russian Party shall ensure that the free technical assistance provided by the British Party is used for the realisation of cooperation in the areas listed in Article 2 of this Supplementary Agreement.

4. The design, construction, delivery and commissioning of technical means and objects financed by funds provided by the British Party shall be conducted in accordance with the laws and regulations of the Russian Federation. The procedure for execution of work shall be prescribed by the Subsidiary Arrangements.

5. The Parties shall mutually provide effective protection of intellectual property rights in accordance with the laws and regulations of the Parties, and in accordance with international agreements to which the Russian Federation or the United Kingdom of Great Britain and Northern Ireland are Parties.

ARTICLE 7

1. The Parties shall take all measures within their competence of an administrative, fiscal and customs character which are necessary for the proper implementation of this Supplementary Agreement in accordance with their laws and regulations.
2. The Russian Party shall facilitate the entry into the territory of the Russian Federation and exit of employees and personnel from the British Party and any organisation taking part in cooperation in accordance with this Supplementary Agreement.
3. Services, equipment and materials supplied by the British Party and imported into the territory of the Russian Federation in accordance with this Supplementary Agreement shall be regarded as free technical assistance in accordance with Article 1 Paragraph 1 of this Supplementary Agreement, and be exempt from taxes, customs duties and other charges in accordance with the procedures established under the laws and regulations of the Russian Federation.

ARTICLE 8

1. Disagreements concerning the interpretation or implementation of this Supplementary Agreement shall be resolved through consultations by the Co-ordination Committee as set out in Article 4 of this Supplementary Agreement. Consultations shall take place not later than 90 days after one of the Executive Authorities has so requested.
2. In the case of any conflict between this Supplementary Agreement and Subsidiary Arrangements concluded within the framework of this Supplementary Agreement, the provisions of this Supplementary Agreement shall prevail.

ARTICLE 9

1. At the request of either of the Parties, the Parties shall hold meetings or consultations in order to examine the implementation of the Subsidiary Arrangements concluded within the framework of this Supplementary Agreement.
2. The British Party shall have the right to verify and control that financial means, services, equipment and materials provided free of charge to the Russian Party as technical assistance are used in accordance with the terms of this Supplementary Agreement. The procedure for verification and control shall be established in the Subsidiary Arrangements concluded within the framework of this Supplementary Agreement.

ARTICLE 10

1. In accordance with this Supplementary Agreement, information constituting State secrets of the Russian Federation or classified as secret by the United Kingdom of Great Britain and Northern Ireland shall not be exchanged.

2. Information supplied within the framework of this Supplementary Agreement may be treated as confidential by the Parties for the purposes of preventing access to it by persons and organisations not participating in the implementation of this Supplementary Agreement. Such information shall be clearly defined and marked. Information shall be defined as confidential by the Party supplying that information, in accordance with its laws and regulations. The Party receiving such information shall treat it as confidential in accordance with its laws and regulations.

3. Confidential information shall be handled in accordance with the laws and regulations of the Party receiving that information. Such information shall not be disclosed or transferred to any third party which is not participating in the implementation of this Supplementary Agreement without the express agreement of the Party supplying the information.

In accordance with the laws and regulations of the Russian Federation, confidential information shall be treated as government information with restricted circulation. Such information shall be afforded the appropriate protection.

In accordance with the laws and regulations of the United Kingdom of Great Britain and Northern Ireland, confidential information shall be treated as information belonging to a foreign government, supplied in confidence. Such information shall be afforded the appropriate protection.

4. Confidential information supplied within the framework of this Supplementary Agreement shall be used exclusively for the purposes laid down in this Supplementary Agreement, in accordance with the laws and regulations of the Parties.

5. The number of persons having access to confidential information shall be restricted to that which is necessary for the implementation of this Supplementary Agreement.

ARTICLE 11

1. With the exception of claims for damage or injury against individuals arising from their premeditated actions, the Russian Party shall bring no claims or legal proceedings against the British Party and its personnel or contractors, subcontractors, consultants, suppliers of equipment or services at any tier and their

personnel, for damage to property owned by the Russian Federation. This provision shall not apply to legal actions brought by the Russian Party to enforce the provisions of contracts to which it or a Russian physical or legal entity is a party.

2. With the exception of claims for damage or injury against individuals arising from their premeditated actions, the Russian Party shall provide for the necessary legal defence of, shall indemnify, and shall bring no claims or legal proceedings against, the British Party and its personnel or contractors, subcontractors, consultants, suppliers of equipment, materials or services at any tier and their personnel if claims are made by a third party in any court or forum arising from activities undertaken pursuant to this Supplementary Agreement for injury, loss or 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. Without prejudice to paragraphs 1 and 2 of this Article, nothing in this Article shall be interpreted as preventing legal proceedings or claims against nationals of the Russian Federation or permanent residents within the territory of the Russian Federation or against Russian legal entities.

4. The provisions of this Article shall not prevent indemnification by the Parties for damage in accordance with their laws.

5. 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 10 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.

6. Nothing in this Article shall be construed as waiving any immunity which the Russian Federation and the United Kingdom of Great Britain and Northern Ireland may enjoy with respect to potential third-party claims which may be brought against either of the Parties.

7. The provisions of this Article shall, if so requested by the contractor, be incorporated into Subsidiary Arrangements by the issue to the contractor, by or on behalf of the Russian Party, of an indemnity confirmation letter. A standard form of such indemnity confirmation letter is attached as an integral part of this Supplementary Agreement.

8. In the event of a nuclear incident occurring within the territory of the Russian Federation, which may give rise to fulfilment of obligations under this Article, the Parties shall hold consultations upon request by one of the Parties.

9. In this Article 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.

10. As regards its obligations in this Article to contractors, subcontractors, consultants, suppliers of materials and equipment and any services connected therewith and their personnel, the Russian Party undertakes to have any conflicts, disputes or claims, if a settlement is not reached within 90 days, referred to and finally resolved by arbitration in accordance with the UNCITRAL Arbitration Rules.

11. 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.

12. The obligations concerning liability for damage undertaken by the Russian Party in accordance with this Article shall be valid in respect of any equipment, technology or facilities which are the subject of cooperation under this Supplementary Agreement and shall remain in effect regardless of any transfer of ownership of such items, termination of this Supplementary Agreement or expiry of its validity.

ARTICLE 12

This Supplementary Agreement shall not affect the rights or obligations of the Parties under other international agreements to which the Russian Federation and the United Kingdom of Great Britain and Northern Ireland are parties at the time of signing this Supplementary Agreement.

ARTICLE 13

1. This Supplementary Agreement shall be provisionally applied from the date of signature and shall enter into force 30 days after the date of receipt of the last written notification of the Parties of the completion of the constitutional procedures necessary for its entering into force. This Supplementary Agreement shall remain in force until it is terminated in accordance with paragraphs 2 or 3 of this Article.

2. Either Party may terminate this Supplementary Agreement or its provisional application by notifying the other Party of its intention in writing through diplomatic channels. In this case this Supplementary Agreement or its provisional application shall be terminated on the date of receipt of such notification by the other Party after six months.

3. In the event of the termination of the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Russian Federation on Co-operation in the Peaceful Uses of Nuclear Energy, 3 September 1996, this Supplementary Agreement shall also terminate on the same date unless otherwise agreed in writing by the Parties.

4. The Parties may make changes and additions to this Supplementary Agreement by written agreement.

5. After termination of this Supplementary Agreement in accordance with paragraph 2 or paragraph 3 of this Article or of the provisional application of this Supplementary Agreement:

- a) the provisions of any Subsidiary Arrangements concluded within the framework of this Supplementary Agreement which relate to works which have not been finished shall continue to be valid;
- b) the provisions of paragraph 5 of Article 6 and Articles 10 and 11 of this Supplementary Agreement shall continue to be valid unless the Parties agree otherwise in writing;
- c) where the Vienna Convention on Civil Liability for Nuclear Damage of 21 May 1963¹ (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 1988² (hereinafter referred to as the “Joint Protocol”) have both come into force for the Russian Federation, and the Vienna Convention, the Convention on Third Party Liability in the Field of Nuclear Energy of 29 July 1960³ (the Paris Convention) and the Joint Protocol have both come into force for the United Kingdom of

¹ Miscellaneous Series No. 9 (1964) Cmnd 2333

² Miscellaneous Series No. 12 (1989) Cm 774.

³ Treaty Series No. 69 (1968) Cmnd 3755

Great Britain and Northern Ireland, the British Party may, in its discretion and by notice in writing to the Russian Party, terminate the application of paragraphs 2 and 7 of Article 11 of this Supplementary Agreement with respect to any activity undertaken pursuant to the Agreement to which these instruments apply. Each Party shall inform the other in writing of the dates upon which such instruments come into force in their respective territories.

Done in duplicate at London on 26 June 2003 in the English and Russian languages, both texts being equally authoritative.

For the Government of the
United Kingdom of Great
Britain and Northern Ireland:

For the Government of the
Russian Federation:

JACK STRAW

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ANNEX TO THE SUPPLEMENTARY AGREEMENT TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE RUSSIAN FEDERATION ON COOPERATION IN THE PEACEFUL USES OF NUCLEAR ENERGY OF 3 SEPTEMBER 1996.

Model of INDEMNITY CONFIRMATION LETTER

to be provided by

The Ministry of the Russian Federation for Atomic Energy

to [Contractor]

Dear Sirs,

The Government of the Russian Federation and the Government of the United Kingdom of Great Britain and Northern Ireland are Parties to a Supplementary Agreement to the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Russian Federation on Cooperation in the Peaceful Uses of Nuclear Energy of 3 September 1996 (hereinafter referred to as the “Supplementary Agreement”).

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 a “Subsidiary Arrangement” as provided for by paragraph 2 of Article 3 of the Supplementary Agreement with [Recipient] on [date] to undertake activities pursuant to the Supplementary Agreement. 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 Subsidiary Arrangement. [Contractor] may amend this list, upon agreement to the Ministry of the Russian Federation for Atomic Energy or its authorised representative for the implementation of the Subsidiary Arrangement.

The Ministry of the Russian Federation for Atomic Energy, acting on behalf of the Government of the Russian Federation, confirms that in accordance with paragraphs 1 and 2 of Article 11 of the Supplementary Agreement,

a) with the exception of claims for damage or injury against individuals arising from their premeditated actions, the Russian Party shall bring no claims or legal proceedings against the British Party and its personnel or contractors, subcontractors, consultants, suppliers of equipment or services at any tier and their personnel, for damage to property owned by the Russian Federation. This provision shall not apply to legal actions brought by the Russian Party to enforce the provisions of contracts to which it or a Russian physical or legal entity is a party.

b) with the exception of claims for damage or injury against individuals arising from their premeditated actions, the Russian Party shall provide for the adequate legal defence of, shall indemnify, and shall bring no claims or legal proceedings against the British Party and its personnel or contractors, subcontractors, consultants, suppliers of equipment, materials or services at any tier and their personnel if claims are made by a third party in any court or forum arising from activities undertaken pursuant to this Supplementary Agreement for injury, loss or 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 90 days of its submission to the Government of the Russian Federation for resolution.

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 Supplementary Agreement.

(Signature)

(Title)

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

(Date)



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