

PETROLEUM AGREEMENT OF 1964

BETWEEN

THE UNITED STATES OF AMERICA

AND

THE REPUBLIC OF KOREA

WHEREAS, the Government of the Republic of Korea, in view of changed conditions, has proposed to the Government of the United States that the Petroleum Operating Agreement, concluded between the two Governments and the Korea Oil Storage Company in 1955, be terminated;

AND WHEREAS, both Governments are mindful of the continuing need for an Agreement respecting the handling, storage and management of petroleum products within the Republic of Korea;

HOW THEREFORE, the Government of the United States accepts the proposal of the Government of the Republic of Korea, and both Governments mutually agree to the adoption of the following new Agreement:

ARTICLE I

INFORMATION AND ACCESS

The authorities designated by the Government of the Republic of Korea will provide to the Commander of United States Forces Korea on an continuing basis detailed information concerning the existing and prospective supplies and consumption of refined and unrefined products within the Republic of Korea, and the plans of the Government of the Republic of Korea, its nationals, or entities licensed to do business within the territory of the Republic of Korea, for the management and disposition of

these products. Representatives of the Commander of United States Forces Korea, shall have the privilege of access and inspection with respect to facilities for handling, storage and distribution of petroleum products within the territory of the Republic of Korea, for the purpose of determining the role of these facilities in defense planning. The Government of the United States agrees to hold information acquired under the terms of the understandings set forth in this Article in confidence, and to take such administrative action as is necessary to ensure that the confidential nature of this information will be maintained.

## ARTICLE II

### STATE OF EMERGENCY

(a) In the event the Commander of United States Forces Korea deems that a state of emergency exists with respect to the availability to his Command of supplies of petroleum products or of facilities for the handling and storage of such products, and requests the cooperation of the Government of the Republic of Korea, the Government of the Republic of Korea will take such steps as are necessary to provide the Commander of United States Forces Korea with the use of those products or those services of petroleum handling and storage facilities located within the territory of the Republic of Korea which the Commander of United States Forces Korea considers essential to the resolution of the emergency.

(b) In the event that the Government of the Republic of Korea deems that a critical situation exists with respect to the availability for civil use of supplies of petroleum products, and therefore requests cooperation, the Commander of United States Forces Korea will agree to the temporary use of all or a portion of those reserves prescribed in Article IV, provided that the use of these reserves will not hamper the combat preparedness of forces in the defense of the Republic of Korea. Additionally, the Commander of United States Forces Korea may, to the extent necessary to prevent the failure of his mission, make available from stocks of United States Forces Korea those products necessary to meet the situation.

(c) Reimbursement for products or services made available to the other party shall be arranged by negotiations between the Government of the United States and the Government of the Republic of Korea within a reasonable time thereafter, provided however, that with respect to the consumption of petroleum products during the course of the events mentioned above, both parties shall have the option of replacing products consumed with like products of the same type, grade and quality.

### ARTICLE III

#### USE OF FACILITIES AND PAYMENT

(a) The Government of the Republic of Korea guarantees to the Government of the United States and to its agencies the right of use of the existing Pusan, Ulsan, Yong-Do and Sasang petroleum terminals and facilities (or if they are relocated, such other terminals or facilities as are constructed to replace them) for off-loading, loading, handling, storage (to include open space for the storage of packaged products) and

distribution of petroleum products introduced into the Republic of Korea by the Government of the United States or its agencies, (i) for their own use, or (ii) for carrying out programs designed to assist in the defense or to advance the economic development of the Republic of Korea. In the event that at some future time, the Government of the United States or its agencies require services in connection with the off-loading, loading, handling, storage or distribution of petroleum products from terminals or facilities located within the Republic of Korea other than those mentioned in the first sentence of this article, the Government of the Republic of Korea guarantees prompt and sympathetic consideration of requests by the Government of the United States or its agencies for the provision of such services under terms and conditions no less favorable than those under which the same type of services are accorded the Government of the Republic of Korea or its agencies.

(b) In connection with the use by the Government of the United States or its agencies of the terminals, facilities and services described in the preceding sentences, the Government of the Republic of Korea guarantees that no charge will be made to the Government of the United States or its agencies for expenses incurred in the off-loading, loading, storage and handling or transportation of petroleum products made available for the armed forces of the Republic of Korea, or introduced into the Republic of Korea under the terms of any official program of economic assistance to the Republic of Korea by the Government of the

United States. Regarding the use of these terminals and facilities for the off-loading, loading, handling and storage of petroleum products introduced into the Republic of Korea by the Government of the United States or its agencies for their own use, the Government of the United States will reimburse the appropriate entities for the cost of providing such service.

(c) Should the Government of the Republic of Korea determine that the use of the United States Army Petroleum Terminal at Incheon, Korea, is necessary in supplying the Korean economy with petroleum products, the Government of the United States will enter into an agreement with whatever commercial agency the Government of the Republic of Korea may designate, authorizing the joint use of said terminal; The use of the Incheon facility to supply the Korean civilian economy shall be on a reimbursable basis, shall be subject to the priority of handling and storage rights of the United States Forces Korea and shall, along with any implementing arrangements necessary for such use, be approved by the Commander of United States Forces Korea.

#### ARTICLE IV

#### DEFENSE RESERVES

The authorities designated by the Government of the Republic of Korea shall be notified by the Commander of United States Forces Korea of required minimum levels of stocks of petroleum products and will maintain these stocks as defense reserves at no charge to the Government of the United States within the confines of certain geographical areas in the territory of the Republic of Korea designated by the Commander.

of United States Forces Korea. The Government of the United States and the Government of the Republic of Korea shall agree upon inspection procedures to ensure that the stocks of petroleum products which are included in the reserves mentioned in the preceding sentence are being accurately reported, and meet standards of type and quality designated by the Commander of United States Forces Korea.

#### ARTICLE V

#### EXCHANGE OF PRODUCTS

At any location within Korea where petroleum products may be available for distribution within the Korean economy, the Government of the Republic of Korea shall upon request make such products available to the Government of the United States and its agencies in exchange for like products, based on mutually acceptable differentials, delivered by the United States into storage at the Pusan-Ulsan area or such other storage areas as may be acceptable.

#### ARTICLE VI

#### ENTRY OF U.S. PRODUCT

Recognizing that the supply of petroleum products for the use of the United States and United Nations Forces in Korea is the sole responsibility of those Forces, the Government of the Republic of Korea agrees to (i) place no restrictions on the amount of petroleum products imported into Korea by the United States or its agencies for use by the United States and United Nations Forces; (ii) grant exemptions from the

payment of any import duty, any national or local taxes of any type whatsoever on petroleum products imported into the Republic of Korea by the United States or its agencies for use by the United States and the United Nations Forces.

#### ARTICLE VII

##### CLAIMS

Each Government shall, on behalf of agencies or entities which actually handle petroleum products at terminals in accordance with preceding Articles, not be liable to the other party for loss or damage of petroleum products in the receipt, storage and transportation arising from any cause whatsoever except loss or damage of petroleum products in the receipt, storage and transportation arising from any cause whatsoever except loss or damage caused by the wilful misconduct, or gross negligence, on the part of the personnel of the entity or agency concerned.

#### ARTICLE VIII

##### JOINT PETROLEUM COMMITTEE

The Governments of the United States and the Republic of Korea shall institute a Joint Petroleum Committee which shall have responsibility for carrying out in detail the understandings set forth in the Articles above. The Committee shall constitute a forum for the transmission of the information and coordination of the visits and inspections mentioned in Article I, shall be the instrumentality by which either party shall transmit or receive a request for cooperation as contemplated in Article II;

shall review arrangements entered into under the terms of Article III, and shall be the means by which the designated authorities of the Government of the Republic of Korea are notified by the Commander of United States Forces Korea of the quantities and types of products to be held as defense reserves as provided in Article IV. The Committee shall also discuss all other matters relevant to the mutual interests of the Governments of the United States and of the Republic of Korea in the role of petroleum products and petroleum handling, storage, and transportation in the defense and economic development of the Republic of Korea.

ARTICLE IX

FULFILLMENT OF UNDERSTANDINGS

The Governments of the United States and the Republic of Korea will assure themselves that they will be in a position to fulfill the understandings set forth in the preceding Articles.

ARTICLE X

EFFECTIVE DATE AND DURATION

(a) This Agreement shall take effect, and operation thereunder shall commence, ninety (90) days after the Government of the Republic of Korea shall notify the United States Government that the agreement has been submitted to and concurred in by the National Assembly and ratified by the President of the Republic of Korea, unless otherwise agreed to by the Government of the United States and the Government of the Republic of Korea. During the period between the ratification of

of this Agreement and its effective date, the United States Government, under such terms and conditions as may be prescribed by the Commander of United States Forces Korea, will handle at the United States Army petroleum facilities at Inchon, Korea, petroleum products owned by the Government of the Republic of Korea or its agencies;

(b) This Agreement shall remain in force until terminated or amended by mutual agreement.

IN WITNESS WHEREOF, the respective Representatives, duly authorized by the \_\_\_\_\_ have signed this Agreement.

at Seoul, Korea on this twelfth day of May, One thousand nine hundred and sixty-four.

UNITED STATES OF AMERICA:

Samuel D. Berger

(Ambassador)

Witness:

\_\_\_\_\_, Minister of Commerce and Industry)