

04-669

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA
AND THE REPUBLIC OF KOREA

CONCERNING SPECIAL MEASURES RELATING TO
ARTICLE V OF THE AGREEMENT UNDER ARTICLE IV
OF THE MUTUAL DEFENSE TREATY BETWEEN

THE UNITED STATES OF AMERICA AND THE REPUBLIC OF
KOREA REGARDING FACILITIES AND AREAS AND THE STATUS
OF

UNITED STATES ARMED FORCES IN THE REPUBLIC OF KOREA

The United States of America and the Republic of Korea (hereinafter referred to as "the Parties") have agreed to take the following special measures relating to Article V of the "Agreement under Article IV of the Mutual Defense Treaty between the United States of America and the Republic of Korea regarding facilities and areas and the status of United States Armed Forces in the Republic of Korea" (hereinafter referred to as "the Status of Forces Agreement"), signed at Seoul on July 9, 1966, as amended, which sets forth the principles on the sharing of expenditures incident to the maintenance of the United States Armed Forces in Korea:

ARTICLE I

The Republic of Korea shall bear, for the duration of this Agreement, as a special measure relating to Article V of the Status of Forces Agreement, an equitable part of the expenditures for the employment of Korean employees of the United States Armed Forces in Korea and of other expenditures associated with the stationing of the United States Armed Forces in Korea. The contribution of the Republic of Korea shall be categorized into Labor Cost Sharing, Republic of Korea Funded Construction, Combined Defense Improvement Projects and Logistics Cost Sharing.

ARTICLE II

The duration of this Agreement shall be three years. The cost-sharing contribution of the Republic of Korea for 2002 is 58.8 Million US Dollars plus 536.8 Billion Korean Won. The 2003 and 2004 contribution shall be determined by increasing the contribution of the previous year by 8.8 percent plus the inflation rate (Gross Domestic Product Deflator) published by the Korea National Statistical Office for the year before the previous year. Each year's Labor Cost Sharing Contributions shall be made in three equal payments on or before March 1, May 1, and July 1 of that year. Republic of Korea Funded Construction payments shall be made in two equal installments with 50 percent paid on March 1 of the program year and 50 percent paid one year later (March 1). Implementation of this Agreement shall be in accordance with a separate implementation arrangement to be executed concurrently between the concerned authorities of the Parties. Contributions shall consist of cash support for Labor Cost Sharing as well as a certain

proportion of Republic of Korea Funded Construction and in-kind support for Combined-Defense Improvement Projects, Logistics Cost Sharing and a certain proportion of Republic of Korea Funded Construction. The Korean Won portion of the total contribution shall be 88 percent for the duration of this Agreement.

All materials, supplies, equipment and services provided as part of the in-kind contribution shall be exempt from Republic of Korea taxes, or provided on an after-tax basis. Such materials, supplies, equipment, and services procured by the Government of the Republic of Korea shall be exempt from special excise taxes and value added taxes. In the case of value added taxes, the zero rate shall be applied. If taxes are levied against any such materials, supplies, equipment or services, payment of such taxes shall not be made from cost-sharing funding.

ARTICLE III

This Agreement shall enter into force upon exchange of written notification by the Parties that their respective domestic legal procedures necessary for the entry into force of this Agreement have been completed with effect from January 1, 2002, and shall remain in force until December 31, 2004.

ARTICLE IV

The Parties may consult on all matters regarding this Agreement through the Joint Committee provided for in Paragraph 1 of Article XXVIII of the Status of Forces Agreement, or through the Joint Cost-Sharing Committee, which is composed of representatives appointed by the Parties.

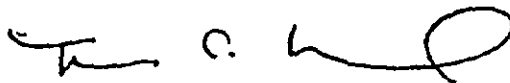
ARTICLE V

This Agreement may be revised or amended in writing by mutual consent. The revision or amendment of this Agreement shall enter into force on the date when the Parties exchange written notifications that their domestic legal requirements for such revision or amendment have been fulfilled.

IN WITNESS WHEREOF, the undersigned, duly authorized for the purpose, have signed
this Agreement.

DONE at Seoul, this 4th day of April, 2002, in
duplicate in the English and Korean languages, both texts being equally authentic.

FOR THE UNITED STATES OF AMERICA



FOR THE REPUBLIC OF KOREA

