



# CANADA HOSTS SIGNING OF G-7 CHORNOBYL AGREEMENT



Ukraine's Minister for Environmental Protection and Nuclear Safety Yuriy Kostenko and Canada's Deputy Prime Minister and Environment Minister Sheila Copps

## HISTORIC G-7 AGREEMENT

On December 20, 1995, at a ceremony in Ottawa, Ukraine agreed to close the Chornobyl nuclear power station by the year 2000 in a deal that is to provide at least \$2.3 billion (U.S.) in compensation and international financial assistance to Ukraine.

The nuclear explosion at Chornobyl on April 26, 1986, was a catastrophe of unprecedented dimensions in terms of health risks, socio-political and psychological suffering in Ukraine and its Eastern European neighbours. The G-7 countries have had long negotiations with Ukraine on the financial terms for its closure.

Deputy Prime Minister of Canada and Minister of the Environment, Sheila Copps, and Foreign Affairs Minister André Ouellet announced the deal reached in a Memorandum of Understanding (MOU) between Ukraine, G-7, and the Commission of the European Communities. The agreement was signed by Minister Copps, on behalf of G-7 leaders, and by Ukrainian Minister for Environmental Protection and Nuclear Safety, Yuriy Kostenko, on behalf of Ukraine. This was the first agreement signed by a G-7 chair on behalf of all member-countries. (The G-7 includes the leading industrialized countries of Britain, Canada, France, Germany, Italy, Japan, and the U.S.)

Ukraine is to receive \$498 million in grants and another \$1.8 billion in loans. The loans will finance new sources of electric power for Ukraine, including coal-fired generating stations and two new nuclear power plants that are nearing completion. The nuclear plants at Khmelnytsky and Rivno are of a design different from that of Chornobyl and are considered safe by international nuclear experts.

"This is an historic occasion for both Ukraine and the G-7 which demonstrates what can be accomplished through collective international action," said Minister Copps.

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"The closure of Chornobyl will be an important step toward improving nuclear safety, not only in Central and Eastern Europe, but throughout the entire world as well."

Canada's Deputy PM Sheila Copps

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"Ukraine is an important user of nuclear power for electricity generation. It is in our mutual interests to work together to be assured that nuclear power is used safely and that radioactive waste is properly managed, said Mr. Ouellet. "We also invite other donors and international financial institutions to participate in projects in support of the closure of Chornobyl.

## TERMS OF THE CHORNOBYL MOU

The terms of the agreement were negotiated as a follow-up to the Halifax Summit held in June 1995, by the G-7 Nuclear Safety Working Group and Ukrainian authorities.

All sides agreed to the step-by-step closure of the Chornobyl plant. The first five years (until 2000) are to be considered a preparatory period during which the plant will cease to operate. After 2000, work at the plant will be carried out in two directions -- the neutralization of waste from nuclear fuel (to last 10 years) and the transformation of the sarcophagus over the fourth reactor block into an ecologically safe structure (to take nine years).

The MOU calls for the creation of a comprehensive program whereby G-7 countries and Ukraine are to work together to mobilize international and domestic financing in support of appropriate nuclear safety and energy investment projects. It sets up the creation of a review mechanism that will enable both sides to meet annually to examine progress made. The MOU also calls for the U.S. and the member countries of the European Union to develop plans to alleviate the social impact of the closure.

The guiding principle of the MOU specifies that revenue-generating projects will be considered for loans and non-revenue-generating projects for grants. Projects eligible for grants include the transformation of the sarcophagus covering Chornobyl, the social welfare of plant employees, short term repairs at the plant, and the restructuring of Ukraine's energy sector. Loans are for projects such as the construction of the reactors at Khmelnytsky and Rivno, and assistance to Ukraine for the modernization of its thermal and hydroelectric power plants.

An attachment at the end of the MOU gives a breakdown of this financing. There are \$498 million in grants comprising \$43 million for power sector restructuring, \$102 million for an energy investment program, \$349 million for nuclear safety and \$4 million for a social impact plan. The energy investment program is also to get loans, including 400 million ECU (\$512 million) from the European Atomic Energy