

*Ore Procurement*

48. Arrangements covering the supply of uranium to the Government of the United States were first entered into in 1942 as a result of the decision of the Government of Canada to participate with the Governments of the United Kingdom and the United States in the development of the atomic bomb. From the inception of the joint program there was close co-operation in the raw materials field. This was accomplished through the medium of the Combined Development Agency, a tripartite committee on which the three governments were represented. The Combined Development Agency was given the responsibility of allocating all uranium supplies and of procuring uranium supplies other than those produced in Canada and the United States.

This was due to very short supply of uranium in the early days of the Manhattan project.

The Combined Development Agency has continued to function in post-war years in accordance with the policies established in the war years, but the recent rearrangement of the South African contracts has dispensed with its function in that area and it is now responsible for only three small contracts—one in Portugal and two in Australia. When these three contracts are completed in 1962 the Combined Development Agency will go out of existence.

49. The first contract covering the sale of uranium produced in Canada was between the Manhattan District U.S. Engineers, which was responsible for the direction of the atomic bomb program, and Eldorado Mining and Refining Limited, at that time not a Crown company. The contractual arrangements were continued following the expropriation of Eldorado by the Government of Canada in January 1944. In 1946 the United States Atomic Energy Commission was established to take over the operations, including the contractual obligations of the Manhattan District U.S. Engineers.

50. Late in 1947, following the breakdown of discussions at the United Nations concerning the control of atomic weapons—i.e. the Baruch Plan—the Government of Canada was advised of the decision of the Government of the United States to undertake a major expansion of atomic weapon production. This expanded program called for a very large increase in uranium supplies. The Government of the United States, through the United States Atomic Energy Commission, proposed that these requirements should be met from United States and Canadian sources to the fullest extent possible.

51. Early in 1948 talks took place between officials of the two governments and it was decided that the required supplies of uranium could best be obtained by encouraging the participation of the prospector and the mining industry of both countries in uranium exploration and production. It was agreed that procurement programs should be undertaken in both countries and it was also agreed that these programs should provide for a guaranteed market and a base price over a fixed period, in view of the uncertainty as to the long-term prospects for the use of uranium.

52. The Government of Canada announced its procurement program on March 16th, 1948, and at the same time designated Eldorado as the procurement agency for uranium produced in Canada. The full text of this announcement is attached as Appendix G. It will be noted that the purchasing policy provided for the purchase of uranium concentrates at a fixed price for a guaranteed period and that it also made provision for purchases at higher prices under special circumstances.

53. The United States Atomic Energy Commission undertook to purchase from Eldorado all production which Eldorado might contract to purchase under the Published Price Schedule.