

*Inquiries of the Ministry*

**Mr. Diefenbaker:** Mr. Speaker, the statement by the United Kingdom agency reads as follows:

The A.E.A.'s attention has been drawn to statements which have recently appeared about an exchange of letters which took place in 1957 between the authority and Eldorado Mining and Refining Limited about the purchase of 12,000 tons of uranium between 1963 and 1966. In 1958 the authority indicated that as a result of the changes in the United Kingdom nuclear power program they would like to renegotiate the terms of this arrangement. Since that time, and most recently in November, 1960, discussions have been held between the A.E.A. and Eldorado regarding the possibility of major adjustments in the program. The discussions between A.E.A. and Eldorado are continuing and it is expected that they will be resumed in London within the next few weeks. These discussions do not affect the authority's contract for 10,500 tons of Canadian uranium deliveries under earlier agreements which are proceeding.

I mention at this moment that shortly after these letters of intent were exchanged the United Kingdom government began to press for modification of their undertakings before a formal contract would be entered into, and these discussions have continued from time to time since. The exchange of letters referred to in the statement of the United Kingdom on the questions was between Sir Edwin Plowden, chairman of the atomic energy authority and W. J. Bennett, then president of Eldorado. They took place in March, April and May of 1957.

Sir Edwin asked Mr. Bennett if Eldorado would be prepared to supply 12,000 tons of uranium oxide between March 31, 1963 and December 31, 1966 at a price of \$8 United States a pound, at which it would be available to Eldorado under the options for continued purchases from those holding production contracts with Eldorado under the United States procurement program. Mr. Bennett undertook that Eldorado would provide this amount on these terms, having secured United States agreement to release that amount of the options, and asked Sir Edwin to confirm that the United Kingdom authority would purchase it, and the latter did so. These undertakings were not reduced to the form of a contract; the correspondence commenced on March 29, 1957 and continued for some weeks thereafter between the president of Eldorado Mining and Refining and the British authority.

All these things took place just three days after a conference between the British and Canadian prime ministers in Bermuda, at which conference there were also other ministers present. These meetings took place on March 25 and 26, 1957. When anyone says he had no knowledge of this matter, I would point out that the ministers who accompanied Mr. St. Laurent were the then minister of

trade and commerce, Mr. C. D. Howe, and the then secretary of state for external affairs, now Leader of the Opposition (Mr. Pearson). If there is still no knowledge of the matter I would refer to the annex to the press release, which reads as follows:

During the meeting approval was given to a large-scale contract for the purchase of uranium which will greatly assist in carrying out the expanded nuclear program in the United Kingdom. Under this contract the United Kingdom atomic energy authority will purchase, during the next five years, uranium to the value of about \$115 million from the Canadian government agency, Eldorado Mining and Refining Limited, which in turn has entered into purchase contracts with Canadian mining companies. This contract has been worked out with the co-operation of the United States atomic energy commission and is similar in terms to the contracts by which that commission purchased uranium from the same agency.

Then there is this addendum:

The ministers also discussed arrangements to supply United Kingdom requirements for uranium fuel after this five-year period and agreed that further discussions on this matter should proceed between the agencies concerned.

That last paragraph was the basis upon which negotiations continued thereafter. These undertakings were not reduced to contract form as had been the case in the past. The reason for this was the fact that the United Kingdom found that its letter of intent covered a quantity of uranium far beyond that which it had expected to use and that the cost was much higher than it had expected. As a result the United Kingdom, for a year or so following the letter of intent, continued to negotiate with representatives of Eldorado.

This was the third transaction for the supply of uranium to the United Kingdom authority, as was made clear by Mr. Gilchrist in his evidence before the special committee on research early in March. The first was a contract for the supply of 11 million pounds or 5½ thousand tons prior to March 31, 1962, and was to be met by diversion from the contracts originally made to meet United States requirements. This was arranged among the representatives of the three governments. The second transaction was for the supply of ten million pounds during the year from April 1, 1962 to March 31, 1963, as part of the general program worked out with United States authorities. The first and second agreements required production contracts with Canadian producers and were part and parcel of the program for which Canadian production facilities were created and for which an allowance to amortize capital costs was included in the contracts.

The third transaction, that is the one in question before us, was an undertaking which did not require any immediate production contract as it could be met, if necessary, by