

agreement. The United States proposes that the Agreement embodied in the Exchange of Notes between the United States and Canada, which entered into force on March 25, 1976, as complemented by this Exchange of Notes, remain in force until the renegotiated agreement for cooperation enters into force. During this period, source materials and special nuclear materials transferred pursuant to the 1955 Cooperation Agreement, including all materials transferred pursuant to the Agreement embodied in the Exchange of Notes which entered into force on March 25, 1976, and any special nuclear material produced therefrom, including subsequent generations derived from such special nuclear materials, may be transferred only to fuel fabrication, conversion, reactor and spent fuel storage facilities in the United States, provided that such material shall not be transferred beyond the jurisdiction of the United States nor shall any such materials be reprocessed, unless the parties agree to such retransfer or reprocessing. While such material is held at such facilities, arrangements of a mutually satisfactory nature shall be made between Canada and the United States to ensure compliance with the provisions of these Exchanges of Notes.

Pending the entry into force of a renegotiated agreement for cooperation, the United States proposes the following understandings, in addition to the agreements set forth in the 1955 Cooperation Agreement and that which came into force on March 25, 1976 pursuant to the Exchange of Notes:

- (1) Source materials, special nuclear materials, production facilities, utilization facilities, equipment and devices, and heavy water, hereafter transferred pursuant to the 1955 Cooperation Agreement, and all materials transferred pursuant to the Agreement embodied in the Exchange of Notes which entered into force on March 25, 1976, or as may otherwise be agreed and any special nuclear materials produced therefrom including subsequent generations derived from such special nuclear materials shall not be transferred to unauthorized persons and shall not be transferred beyond the jurisdiction of either party to the Agreement, unless the prior approval of the other party is obtained;
- (2) The United States shall not exercise any rights it has to approve the further retransfer or enrichment of such materials, equipment, and heavy water and shall not exercise any rights it has to approve the further retransfer, reprocessing or other alteration in form or content, of irradiated fuel elements containing special nuclear materials produced through the use of such materials, equipment, and heavy water so transferred beyond its jurisdiction including subsequent generations derived from such special nuclear materials, unless Canadian approval is obtained in advance. This applies only where the country requesting approval has notified the United States that Canada has this right or its equivalent. In the event that the United States is not so notified, the United States shall consult with Canada prior to granting such approval;
- (3) Source materials and special nuclear materials transferred hereafter pursuant to the 1955 Cooperation Agreement, and all materials transferred pursuant to the Agreement embodied in the Exchange of Notes which entered into force on March 25, 1976, or as may otherwise be agreed, and special nuclear